

Service Date: April 3, 2000

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER OF MONTANA POWER)	UTILITY DIVISION
COMPANY, Application for Approval of an)	DOCKET NO. D99.8.176
Increase in Rates for Natural Gas Service)	ORDER NO. 6197c

* * * * *

FINAL ORDER

APPEARANCES

FOR THE APPLICANT:

Marjorie L. Thomas, Attorney at Law, Montana Power Company, 40 East Broadway, Butte, Montana 59701

FOR THE INTERVENORS:

Robert A. Nelson, Montana Consumer Counsel, 34 West Sixth Avenue, PO Box 201703, Helena, Montana 59620-1703

John C. Allen, Attorney at Law, Energy West Montana, PO Box 2229, Great Falls, Montana 59403-1645

Donald W. Quander, Attorney at Law, Holland & Hart, LLP, PO Box 639, Billings, Montana 59103-0639 for the Large Customer Group

James Nolan, Department of Health and Human Services, 111 North Sanders, Helena, MT 59604

James P. Morton, Director, District XI Human Resource Council, 1801 South Higgins Avenue, Missoula, Montana 59801

Ronald L. Perry, President, Commercial Energy of Montana, Inc., 118 East Main Street, PO Box 548, Cut Bank, Montana 59427

FOR THE COMMISSION:

Martin Jacobson, Staff Attorney

Dan Elliott, Utility Division Administrator
Mike Lee, Economics and Rate Design Bureau Chief
Jay Driscoll, Rate Design Analyst
Leroy Beeby, Revenue Requirements Rate Analyst

BEFORE:

DAVE FISHER, Chairman
NANCY MCCAFFREE, Vice Chair
BOB ANDERSON, Commissioner
GARY FELAND, Commissioner
BOB ROWE, Commissioner

BACKGROUND

1. On August 12, 1999, Montana Power Company (MPC) filed with the Public Service Commission (PSC) an application for authority to increase rates for natural gas service. In the application, MPC requested an increase in natural gas service rates of approximately \$15.41 million. MPC's proposed traditional filing revenue deficiency was calculated for the test period, the 12-months ending December 31, 1998. MPC's proposed increase represented a uniform percentage change in overall revenue requirement of 13.99 percent under the traditional filing for the gas utility customers. This equated to a 21.0 percent increase in the non-gas revenues based on the non-gas cost revenue of \$73,534,166.

2. MPC also proposed a new embedded allocated cost of service and rate design study. The study included, among other things, system charges for the collection of distribution costs for all classes of customers, the consolidation of core customer classes into one class and redivided, for rate purposes, according to meter size and a new line extension policy.

3. MPC requested an interim increase from gas utility customers of approximately \$11.53 million, a uniform percentage increase of 15.68 percent to non-gas cost revenues. The proposed interim rates for the natural gas utility were calculated by MPC based on adjustments, methodologies and rate of return contained in MPC's last general natural gas rate case in Docket D96.2.22, Order No.5898d. The proposed interim increase included several adjustments to the revenue requirements, including an overall Rate of Return of 9.23 percent on natural gas rate base and a Cost of Common Equity of 11.25 percent, the percentages approved in Docket D96.2.22, Order No. 5898d.

4. MPC's filing was publicly noticed and a procedural order was issued. Intervention was requested and granted. The active intervenors in this case include Montana Consumer Counsel (MCC), the Montana Large Customer Group (LCG), Energy West of Montana (EWM), Commercial Energy of Montana (CEM), the Department of Health and Human Services (DPHHS), and the District XI Human Resource Council (HRC).

5. On December 9, 1999, MPC was granted an interim rate increase of \$7,591,283 to become effective December 10, 1999. This was a uniform percentage increase of 10.32% of non-gas cost revenue.

6. On February 18, 2000, the Commission was notified of a tentative settlement agreement between MPC and the intervening parties and on February 24, 2000, the procedural schedule was suspended.

7. On February 29, a presentation of the settlement agreement was held for the public and the Commission at the offices of the PSC. At that presentation, all parties agreed that if the settlement is approved, all prefiled testimony, data requests and responses, and testimony would become part of the record for purposes of evaluating the settlement.

8. Satellite hearings were held in Hamilton on March 15, 2000, in Kalispell and Helena on March 16, and in Missoula on March 22. These were open public meetings to discuss and answer any questions the public might have with regard to the proposed settlement.

FINDINGS OF FACT

1. There are three Stipulation Agreements, an agreement between MPC, MCC, LCG, DPHHS and HRC (*Attached as Stipulation # 1, including Exhibits A, B and C*), an agreement between MPC and EWM (*Stipulation # 2*), and an agreement between MPC and CEM (*Stipulation #3*). Copies of the Stipulation Agreements and Exhibits are attached to this Order.

2. The Stipulation Agreement between MPC, MCC, LCG, HRC and DPHHS provides MPC with a non-attributable revenue requirement increase of \$10,365,819 (*Stipulation 1, Exhibit A*). This is a 14.10 percent increase in Non Gas Cost Revenues. Because the revenue requirement increase is non-attributable and agreed upon by the parties, it is impossible, without being privy to the settlement discussions, to substantiate the rate of return or the agreed upon amount, except to state that the amount is between the MPC requested \$15,413,013 and the MCC

recommended \$6,210,122. The Commission determines that were this case heard, the revenue requirement arrived at would not be materially different from what was stipulated to.

3. The Stipulation Agreement between MPC, MCC, LCG, HRC and DPHHS also provides an increase in the revenue requirement for the Universal System Benefits Charge (USBC) of \$149,600, for the purpose of increasing the low-income energy assistance program (LIEAP) discount from 10 percent to 15 percent (*Stipulation 1, Exhibit C*). This increase equates to an increase in the current USBC to \$0.050 from \$0.044 for Core DBU customers and all previously classified core sales customers served by the utility who converted to non-core transportation service after September 1, 1993 but prior to December 31, 1996; and an increase from \$0.023 to \$0.026 for all other non-core transportation customers. In order to retain the full value of the LIEAP discount for LIEAP customers who elect to move to choice, the 15% discount equates to a 23% discount.

4. MPC presently has before the Department of Revenue (DOR), an appeal of the DOR decision regarding properties of gas production property transferred out of utility rate base and to a MPC non-regulated subsidiary. The stipulated revenue requirement increase does not include the recovery for the payment of the property taxes nor does it require MPC to flow through to its customers any subsequent refund of the property taxes should MPC prevail in its appeal.

5. In the Stipulation Agreement between MPC, MCC, LCG, HRC and DPHH, the derivation of rates is not based on any particular cost of service study and none should be implied (*Stipulation 1, Exhibit B*). For the purposes of the stipulation, city gate costs and 14 percent of storage costs are to be included in the transmission function. Further, the residential service charge will be \$6.00 per meter per month. The monthly commodity charge is increased to \$4.890 per dekatherm for the residential customer class. The General Service and the Utility customers' service charges will be set according to meter class at the rates set forth in the Exhibits and in accordance with the stipulation.

6. In the Stipulation Agreement between MPC, MCC, LCG, HRC and DPHH, storage gas costs are separated between cushion gas and working gas. MPC gas cost rates will be adjusted to include working gas costs when the rates as a result of this stipulation become effective. Exhibit A of Stipulation 1 has workpapers demonstrating the change.

7. The rate tariffs are set out in Stipulation 1, Exhibit B.

8. In the Stipulation Agreement between MPC, MCC, LCG, HRC and DPHH, MPC is given the flexibility to discount its transmission, storage and/or distribution rates, demand and/or commodity components, and recover the discounted amounts from its other customers through the GTAC, upon a satisfactory demonstration to the Commission by the shipper and MPC that an uneconomic bypass opportunity will be avoided.

9. In the Stipulation Agreement between MPC, MCC, LCG, HRC and DPHH, a new line extension policy as reflected in the rate schedule of Stipulation 1, Exhibit B, will be established.

10. The date of the gas tracker will be moved from September 1 to November 1, beginning in 2000.

11. MPC and EW signed a stipulation (*Stipulation 2*) that affords EW a discount on its gas bill from MPC. The details of the discount, the impacted rates and other provisions of the stipulation are explained in the attachment. In the first year of a 10-year contract the discount is estimated to be \$172,049. The stipulation allowed 30 days for other parties to review and request a hearing and for EW and MPC to respond on a timely basis to inquiries regarding the contract. As of March 29th no comments were received.

12. MPC and CEM reached a settlement on MPC's allowance of network service. The stipulation (*Stipulation 3*) contains the details on this agreement.

13. Nothing in the Stipulations 1, 2, or 3 or in the exhibits are considered as precedent for the treatment of revenues, rate base or return, or other issues in any future proceedings involving any of the parties.

CONCLUSIONS OF LAW

1. Montana Power Company provides natural gas service within the State of Montana and as such is a "public utility" within the meaning of § 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Montana Power Company's rates and operations pursuant to Title 69, Chapter 3, MCA.

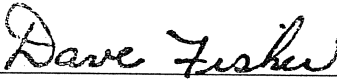
ORDER

THEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS THAT:

1. Stipulations 1, 2, and 3 are approved in accordance with the provisions of this Order.
2. The Montana Power Company shall implement rates designed to increase annual Montana jurisdictional natural gas revenues by \$10,365,819.
3. The increase represents a uniform percentage change in non-gas cost revenue requirement of 14.1 percent under the traditional filing for the gas utility customers.
4. The Commission requires the Montana Power Company to extend the tariffed line extension policy, Rule No. 6, in effect immediately prior to April 1, 2000, for six months, to those customers who have received a quote from the Company regarding its line extension policy.
5. MPC shall adhere to and abide by all Findings of Fact in this Final Order. All rate schedules shall comply with all determinations set forth in this Final Order.
6. MPC must file tariffs in compliance with the Findings of Fact in this Final Order.
7. This Final Order is effective for service on and after April 01, 2000.

DONE IN OPEN SESSION at Helena, Montana on this 28th day of March 2000, by a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION



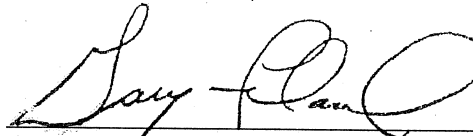
DAVE FISHER, Chairman



NANCY MCCAFFREE, Vice Chair



BOB ANDERSON, Commissioner




GARY FELAND, Commissioner



BOB ROWE, Commissioner

ATTEST:


Kathy Anderson
Commission Secretary

(SEAL)

Stipulation 1, the agreement between the Montana Power Company, Montana Consumer Counsel, the Large Customers, the Montana Department of Public Health and Human Services, and District XI Human Resource Council along with the Exhibits to Stipulation 1 are on file at the parties general offices and on file at the Public Service Commission.

Stipulation 2, the agreement between the Montana Power Company and Energy West Montana is on file at the parties general offices and on file at the Public Service Commission

Stipulation 3, the agreement between the Montana Power Company and Commercial Energy of Montana is on file at the parties general offices and on file at the Public Service Commission.

CERTIFICATE OF SERVICE

I hereby certify that a copy of a FINAL ORDER, ORDER NO. 6197c, issued in D99.8.176 in the matter of Montana Power Company - Application for Authority to Change Rates for Natural Gas Service dated March 28, 2000 has today been served on all parties listed on the Commission's most recent service list updated 3/13/00, by mailing a copy thereof to each party by first class mail, postage prepaid.

Date: April 3, 2000

Rachel Thompson
For The Commission

Intervenors:

Energy West Inc.
Montana Consumer Counsel
Montana Department of Environmental Quality
Cut Bank Gas Company
Large Customer Group
District XI Human Resource Council
Commercial Energy of Montana, Inc.
Montana Building Industry Association
Montana Department of Health and Human Services
Montana Power Trading and Marketing Company

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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PUBLIC SERVICE
COMMISSION

IN THE MATTER OF MONTANA POWER)
COMPANY, Application for Approval of an)
Increase in Rates for Natural Gas Service.)

UTILITY DIVISION

DOCKET NO. D99.8.176

STIPULATION AGREEMENT

COMES NOW The Montana Power Company (MPC), Applicant in the above-entitled docket, Montana Consumer Counsel (MCC), the Large Customers (LC), the Montana Department of Public Health and Human Services (HHS) and District XI Human Resource Council (HRC) and present to the Montana Public Service Commission (MPSC), for its consideration, the following agreement wherein they have agreed and stipulated as described below.

BACKGROUND: On August 12, 1999, MPC filed an application before the MPSC requesting approval of increased rates for natural gas service to its customers in Montana. MPC proposed an increase of \$15,413,013 based on a 1998 test period, using the Optional Filing Rules. In the alternative, MPC proposed an Alternative Rate Plan (ARP), which would increase the revenue requirement by \$10.3 million in the first year, and by approximately \$2.2 million on January 1, 2001 and January 1, 2002, which included the ARP adjustment and adjustments for the Replacement Allowance and the Property Tax tracker. MPC's application also supported a new embedded allocated cost of service and rate design study, including a new line extension policy and a distribution access service charge. An interim increase was requested and granted in the amount of \$7.6 million, effective on December 10, 1999.

MCC, LC, Energy West Montana (EWM), Commercial Energy (CE), HHS, and HRC intervened in this Docket and on November 11, 1999, filed response testimony. MCC proposed a revenue requirement increase of \$6,210,122. MCC proposed increasing rates on an equal

percentage basis. LC disagreed with elements of MPC's allocated cost of service study, including allocation of storage costs and city gate costs to transmission, but generally accepted MPC's non-core transmission and distribution rate design. EWM testified regarding two potential bypass alternatives and asked the Commission for discounted rates. HHS and HRC objected to MPC's distribution access service charge. HHS also proposed an increased discount for LIEAP customers and a discount based on income level. CE proposed some changes to MPC's general terms and conditions tariff and made comments regarding rate design and market power.

On December 10, 1999, a settlement meeting was held in Helena among all the parties, except HRC and HHS. The parties discussed potential issues for settlement and MPC disclosed some changes it intended to make to its rebuttal case, including the change to the transmission demand charge.

On December 21, 1999, MPC filed its rebuttal testimony. MPC's revenue deficiency claim increased to \$17,032,929 although recovery was limited by MPC's original filing. MPC changed its proposal regarding the transmission demand and commodity charges. As a result, LC and Conoco, a large customer, filed motions with the MPSC requesting that the particular testimony be stricken or that they be given the opportunity to file response testimony. The Commission allowed the latter and on January 26, 2000, LC and CE filed additional response testimony. MPC filed final rebuttal testimony on February 14, 2000. On February 14, EWM filed additional testimony as well.

The parties met throughout February via telephone conference calls and E-mail to discuss settlement. On February 18, MPC, LC and MCC notified the MPSC that they had reached an agreement in principle.

SETTLEMENT:

1. MPC's revenue requirement will increase by a non-attributable \$10.3 million.

2. In addition to the revenue requirement increase set out in Paragraph 1, the revenue requirement for the Universal System Benefits Charge will also increase by \$149,600, for the purpose of increasing the low-income energy assistance program (LIEAP) discount from 10% to 15%. The USBC rates will be as established on worksheets attached as Exhibit "C". For LIEAP customers that move to choice, the discount will apply to the rate components charged by MPC and not to the gas supply costs that are levied by the customer's gas supplier. As a result, for LIEAP customers that move to choice, the discount increase will increase from 15% to 23%. HHS and MPC support this adjustment. The other parties do not oppose it
3. Effective date of the new rates will be immediately following a settlement presentation hearing, or as soon thereafter as the Commission issues an order. The parties propose March 15, 2000 as the effective date.
4. MPC presently has, before the Department of Revenue (DOR), an appeal of the DOR decision regarding property taxes associated with the gas production property transferred out of utility rate base and to an MPC affiliated company as a result of Docket No. D96.2.22. Since the agreed upon revenue requirement increase does not include recovery for the payment of these property taxes, MPC will not be required to flow through to customers any refund of property taxes received from the DOR as a result of the appeal, if and whenever such refund may be received.
5. The derivation of rates is depicted on the worksheets attached as Exhibit "A". The resulting rates are not based on any particular cost of service study and none should be implied. For the purposes of this Stipulation, it is agreed that city gate costs and 14% of storage costs are included in the transmission function. The residential service charge will be \$6.00 per month. The General Service (commercial customers) and the Utility customers' service charges will be set at the amounts and according to the meter classes, in accordance with this Stipulation.

6. Storage gas costs are separated between cushion gas and working gas according to MPC's proposal. MPC's gas cost rates will be adjusted to include the working gas costs at the same time that the rates are made effective as a result of this Stipulation. Included in Exhibit "A" are workpapers demonstrating the costs that will be removed from the non-gas storage costs in this Docket and transferred to the gas costs included in MPC's tariffs. Exhibit "A" also provides storage rates for all applicable classes, resulting from the removal of the working gas costs.
7. The proposed rate tariffs submitted for approval are set out in Exhibit "B". Exhibits "A" through "C" are incorporated in this Stipulation by this reference.
8. MPC will have the flexibility to discount its transmission, storage and/or distribution rates, demand and/or commodity components, and recover the discounted amounts from its other customers through the GTAC, upon a satisfactory demonstration by the shipper and MPC to the Commission that an uneconomic bypass opportunity will be avoided because shipper has a more economic alternative available. The revised GTAC Schedule is included as part of Exhibit "B".
9. A new line extension policy will be used by MPC, as MPC proposed, as reflected on the Rate Schedule included as part of Exhibit "B".
10. The date of the gas tracker will be moved from September 1 to November 1, beginning in 2000.
11. U&UAF percentages will be adjusted according to MPC's proposal.

CONCLUSION:

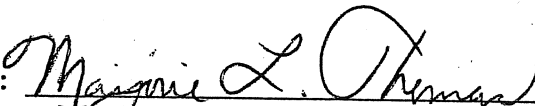
Nothing in this Stipulation is to be considered as precedent for the treatment of revenues, expenses, rate base or return or other issues in any future proceedings involving any of the parties hereto. In arriving at the settlement, the parties have not agreed to a particular methodology, adjustment or philosophy that may have been forwarded in the settlement process.

Furthermore, this settlement is offered as a complete unified settlement that has been arrived at through a process of compromise and negotiation. No part of this Stipulation is hereby offered to the Commission as settlement of that issue without acceptance of the complete settlement as expressed herein.

In the event that the Commission does not accept this Stipulation, then the parties to this Stipulation are not bound by the Stipulation and will be free to advocate any position they desire at a hearing following a determination by the Commission that this Stipulation is not acceptable.

**IN WITNESS WHEREOF THE PARTIES HAVE SET THEIR HAND HERETO THIS
___ DAY OF FEBRUARY, 2000.**

THE MONTANA POWER COMPANY

By: 
Marjorie L. Thomas
Attorney

THE MONTANA CONSUMER COUNSEL

By: _____
Robert A. Nelson
Montana Consumer Counsel

THE LARGE CUSTOMERS

By: 1 Donald W. Quander
Donald W. Quander
Attorney
Holland & Hart

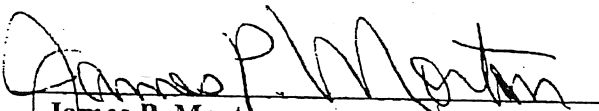
MONTANA DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

By:

James Nolan
HSB/DPHHS

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DISTRICT XI HUMAN RESOURCE COUNCIL

By: 
James P. Morton
Director

MONTANA DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

By: James Nolan
James Nolan
HSB/DPHHS

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DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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PUBLIC SERVICE
COMMISSION

IN THE MATTER OF MONTANA POWER)
COMPANY, Application for Approval of an) UTILITY DIVISION
Increase in Rates for Natural Gas Service.) DOCKET NO. D99.8.176

STIPULATION AGREEMENT WITH ENERGY WEST MONTANA

COMES NOW The Montana Power Company (MPC), Applicant in the above-entitled docket and Energy West Montana (EWM) and present to the Montana Public Service Commission (MPSC), for its consideration, the following agreement wherein they have agreed and stipulated as described below.

BACKGROUND: On August 12, 1999, MPC filed an application before the MPSC requesting approval of increased rates for natural gas service to its customers in Montana. MPC proposed an increase of \$15,413,013 based on a 1998 test period, using the Optional Filing Rules. In the alternative, MPC proposed an Alternative Rate Plan (ARP), which would increase the revenue requirement by \$10.3 million in the first year, and by approximately \$2.2 million on January 1, 2001 and January 1, 2002, which included the ARP adjustment and adjustments for the Replacement Allowance and the Property Tax tracker. MPC's application also supported a new embedded allocated cost of service and rate design study, including a new line extension policy and a distribution access service charge. An interim increase was requested and granted in the amount of \$7.6 million, effective on December 10, 1999.

Montana Consumer Counsel (MCC), the Large Customers (LC), EWM, Commercial Energy (CE), Montana Department of Public Health and Human Services (HHS), and District XI Human Resources Council (HRC) intervened in this Docket and on November 11, 1999, filed response testimony. MCC proposed a revenue requirement increase of \$6,210,122. MCC proposed increasing rates on an equal percentage basis. LC disagreed with elements of MPC's

allocated cost of service study, including allocation of storage costs and city gate costs to transmission, but generally accepted MPC's non-core transmission and distribution rate design. EWM testified regarding two potential bypass alternatives and asked the Commission for discounted rates. HHS and HRC objected to MPC's distribution access service charge. HHS also proposed an increased discount for LIEAP customers and a discount based on income level. CE proposed some changes to MPC's general terms and conditions tariff and made comments regarding rate design and market power.

On December 10, 1999, a settlement meeting was held in Helena among all the parties, except HRC and HHS. The parties discussed potential issues for settlement and MPC disclosed some changes it intended to make to its rebuttal case, including the change to the transmission demand charge.

On December 21, 1999, MPC filed its rebuttal testimony. MPC's revenue deficiency claim increased to \$17,032,929 although recovery was limited by MPC's original filing. MPC changed its proposal regarding the transmission demand and commodity charges. As a result, LC and Conoco, a large customer, filed motions with the MPSC requesting that the particular testimony be stricken or that they be given the opportunity to file response testimony. The Commission allowed the latter and on January 26, 2000, LC and CE filed additional response testimony. MPC filed final rebuttal testimony on February 14, 2000. On February 14, EWM filed additional testimony as well.

The parties met throughout February via telephone conference calls and E-mail to discuss settlement. On February 18, MPC, LC and MCC notified the MPSC that they had reached an agreement in principle on the revenue requirement and rates. This Stipulation Agreement was reached on February 29, 2000.

SETTLEMENT:

1. MPC shall enter into a contract to provide transportation and storage services to EWM for an initial term of 10 years. Notice to terminate must be provided by either party three years prior to termination and may not be provided by either party until seven years from the date of this Stipulation.

2. The discounted rates for EWM will be effective on an interim basis to coincide with Commission approval of the Settlement rates presented in the main Stipulation Agreement in this Docket or as soon thereafter as the Commission may issue an order on the main Stipulation Agreement. MPC shall be allowed to begin booking the lost revenues associated with the EWM rate discount through the Gas Transportation Adjustment Clause (GTAC) mechanism, as provided for in the main Stipulation Agreement, immediately upon the implementation of the discounted rates.
3. EWM agrees to a transportation and storage contract with a minimum transmission MDDQ of 41,800 at \$6.935/Dkt; a storage MDDQ of 15,000 at \$4.335/Dkt; and a service charge of \$285 per meter. EWM shall have the right to increase its transmission MDDQ to 46,800 at the stated rates. The corresponding revenue responsibility associated with transportation commodity, storage injection, withdrawal and in-storage capacity shall be as set out in the attached worksheet as Exhibit "A". Exhibit "A" depicts the volumes and rates agreed to herein, and the magnitude of the estimated discounted revenue loss of \$172,049. MPC and EWM may agree to change the amount of the specific components of the above rates over the term of this Stipulation; however, the total revenue that would have been collected under these rates will be collected even if MPC's tariffed rates fall below the discounted rates or the specific components change.
4. Prior to the contract becoming final, EWM and MPC agree that the Commission should allow 30 days for other parties to review and request a hearing with respect to the proposed transportation and storage contract, and further agree to respond on a timely basis to inquiries regarding said contract. EWM agrees to pay to MPC any difference between the negotiated discount and the final discount allowed by the Commission, to the extent any such difference exists during the interim period. EWM will reimburse MPC for such difference within 30 days of a final Commission order on this matter.
5. If any party requests a hearing with respect to the proposed transportation and storage contract, and the Commission does not reach a decision regarding such contract before May 1, 2000, then EWM may terminate the contract. If no other party requests a hearing, then the parties request approval of the contract by May 1, 2000. If EWM terminates the contract, as

provided above, then it will pay to MPC the difference between the negotiated discount and MPC's regular rates implemented as a result of the main Stipulation Agreement. EWM will reimburse MPC for such difference within 30 days of the date of termination.

CONCLUSION:

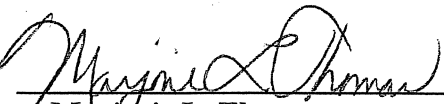
Nothing in this Stipulation is to be considered as precedent for the treatment of other issues in any future proceedings involving either of the parties hereto. In arriving at the settlement, the parties have not agreed to a particular methodology, adjustment or philosophy that may have been forwarded in the settlement process.

Furthermore, this settlement is offered as a complete unified settlement that has been arrived at through a process of compromise and negotiation. No part of this Stipulation is hereby offered to the Commission as settlement of that issue without acceptance of the complete settlement as expressed herein.

In the event that the Commission does not accept this Stipulation, then the parties to this Stipulation are not bound by the Stipulation and will be free to advocate any position they desire at a hearing following a determination by the Commission that this Stipulation is not acceptable.

IN WITNESS WHEREOF THE PARTIES HAVE SET THEIR HAND HERETO THIS
27th DAY OF FEBRUARY, 2000.

THE MONTANA POWER COMPANY

By: 
Marjorie L. Thomas
Attorney

ENERGY WEST MONTANA

By: John P. Allen
John Allen
Attorney

Transportation Unit Costs

	Rate Design Settlement Rates	GFG Final Settlement Rates
Firm Transmission reservation rate	\$7.278	\$6.935
Firm Transmission commodity rate	\$0.055	\$0.055
Interruptible Transmission commodity rate	\$0.294	\$0.283
System Charge	\$284.00	\$284.00

Storage Unit Costs

Withdrawal reservation rate	\$4.335	\$4.335
Storage capacity rate	\$0.021	\$0.021
Injection charge	\$0.022	\$0.022
Withdrawal charge	\$0.022	\$0.022

Service Elections

Volume requirements/service elections:

Firm transmission (MDDQ)	41,800	Dkt per day
Firm transmission commodity	4,500,000	Dkt
Interruptible transmission commodity	-	Dkt
Firm storage (MDDQ)	15,000	Dkt per day
Storage capacity (average ending b	270,000	Dkt

Historical Annual Consumption

	99	98	97	96	95	94	93	Average
	4,192,038	4,177,738	4,645,431	5,342,510	4,772,479	4,569,319	4,437,093	4,590,944

Costs at Final Settlement Rates**Firm transportation expense**

	Dkt	cost/Dkt	months	cost
Transmission Reservation charge	41,800	\$6.935	12	\$3,478,596
Transmission Commodity charge	4,500,000	\$0.055	n/a	\$247,500
Total				\$3,726,096

\$ that would be Recovered @ full Settlement Rates

	Dkt	cost/Dkt	months	cost
	41,800	\$7.278	12	\$3,650,645
	4,500,000	\$0.055	n/a	\$247,500
				\$3,898,145

Discount

Interruptible transportation expense

	Dkt	cost/Dkt	months	cost
Transmission Commodity Charge	-	\$0.283	n/a	\$0

Firm storage expense

	Dkt	cost/Dkt	months	cost
Storage reservation charge	15,000	\$4.335	12	\$780,300
Storage capacity charge	270,000	\$0.021	12	\$68,040
Injection commodity charge	540,000	\$0.022		\$11,880
Withdrawal commodity charge	540,000	\$0.022		\$11,880
Total				\$872,100

System Charge

	meter(s)	cost/meter	months	cost
	3	\$284.00	12	\$10,224

Total Annual Transportation and Storage Cost on a Delivered Basis

	\$4,608,420
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\$172,049

Per Dekatherm Transportation and Storage Cost on a Delivered Basis

	\$1.024
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	\$1.062
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DEPARTMENT OF PUBLIC SERVICE REGULATION FEB 29 PM 2:17
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF MONTANA POWER)
COMPANY, Application for Approval of an) UTILITY DIVISION
Increase in Rates for Natural Gas Service.) DOCKET NO. D99.8.176

STIPULATION AGREEMENT WITH COMMERCIAL ENERGY

COMES NOW The Montana Power Company (MPC), Applicant in the above-entitled docket, and Commercial Energy of Montana, Inc. (CE) and present to the Montana Public Service Commission (MPSC), for its consideration, the following agreement wherein they have agreed and stipulated as described below.

BACKGROUND: On August 12, 1999, MPC filed an application before the MPSC requesting approval of increased rates for natural gas service to its customers in Montana. MPC proposed an increase of \$15,413,013 based on a 1998 test period, using the Optional Filing Rules. In the alternative, MPC proposed an Alternative Rate Plan (ARP), which would increase the revenue requirement by \$10.3 million in the first year, and by approximately \$2.2 million on January 1, 2001 and January 1, 2002, which included the ARP adjustment and adjustments for the Replacement Allowance and the Property Tax tracker. MPC's application also supported a new embedded allocated cost of service and rate design study, including a new line extension policy and a distribution access service charge. An interim increase was requested and granted in the amount of \$7.6 million, effective on December 10, 1999.

Montana Consumer Counsel (MCC), the Large Customers (LC), Energy West Montana (EWM), CE, Montana Department of Public Health and Human Services (HHS), and District XI Human Resource Council (HRC) intervened in this Docket and on November 11, 1999, filed response testimony. MCC proposed a revenue requirement increase of \$6,210,122. MCC proposed increasing rates on an equal percentage basis. LC disagreed with elements of MPC's allocated cost of service study, including allocation of storage costs and city gate costs to transmission, but generally accepted MPC's non-core transmission and distribution rate design. EWM testified regarding two potential bypass alternatives and asked the Commission for discounted rates. HHS and HRC objected to MPC's distribution access service charge. HHS also proposed an increased discount for LIEAP customers and a discount based on income level. CE proposed some changes to MPC's general terms and conditions tariff and made comments regarding rate design and market power.

On December 10, 1999, a settlement meeting was held in Helena among all the parties, except HRC and HHS. The parties discussed potential issues for settlement and MPC disclosed some changes it intended to make to its rebuttal case, including the change to the transmission demand charge.

On December 21, 1999, MPC filed its rebuttal testimony. MPC's revenue deficiency claim increased to \$17,032,929 although recovery was limited by MPC's original filing. MPC

changed its proposal regarding the transmission demand and commodity charges. As a result, LC and Conoco, a large customer, filed motions with the MPSC requesting that the particular testimony be stricken or that they be given the opportunity to file response testimony. The Commission allowed the latter and on January 26, 2000, LC and CE filed additional response testimony. MPC filed final rebuttal testimony on February 14, 2000. On February 14, EWM filed additional testimony as well.

The parties met throughout February via telephone conference calls and E-mail to discuss settlement. On February 18, MPC, LC and MCC notified the MPSC that they had reached an agreement in principle on the revenue requirement and rates. CE and MPC reached this Stipulation Agreement on February 25, 2000.

SETTLEMENT:

The purpose of this document is to describe the proposal agreed to by MPC and Commercial Energy regarding network transportation service for distribution level customers. It needs to be stressed that this new service applies only to distribution level customers served through the same city gate. If as a result of this new service, MPC is required to provide similar service to transmission level customers, MPC will have the right to discontinue the distribution network transportation service.

Commercial Energy has requested "network" or aggregated transportation rights for distribution level customers located behind the same city gate. This differs from the current transportation rights which are customer specific. Under the proposal, marketers will have the ability to aggregate their distribution level customers served through a common city gate. The aggregated Maximum Daily Delivery Quantity (MDDQ) will be used for purposes of administering and billing the transportation services.

The following examples illustrate the difference between the current tariff and the proposed changes.

Current Tariff

3 customer served by the same marketer through a common city gate.

Customer A has contracted for 100% firm service with an MDDQ of 100.

Customer B has contracted for a mix of firm and interruptible service with an MDDQ of 50.

Customer C has contracted for 100% interruptible service.

Day 1 Flow	MDDQ	Total Consumption	Firm	Interruptible
Customer A	100	50	50	0
Customer B	50	75	50	25
Customer C	0	25	0	25

Network Proposal

3 customer served by the same marketer through a common city gate.

Customer A has contracted for 100% firm service with an MDDQ of 100.

Customer B has contracted for a mix of firm and interruptible service with an MDDQ of 50.

Customer C has contracted for 100% interruptible service.

Day 1 Flow	MDDQ	Total Consumption	Firm	Interruptible
Customer A	100	50	50	0
Customer B	50	75	75	0
Customer C	0	25	25	0

Assuming settlement rates, the 50 dekatherms that would have been billed at \$.294 interruptible transmission and \$.189 interruptible distribution will be billed at the firm transmission commodity rate of \$.055. The interruptible transportation revenue in the GTAC attributable to the distribution level customers is approximately \$56,000.

Other Issues

1. The current tariff will not change for the Unauthorized Use Charge. If the Unauthorized Use Charge of \$25.00 per dekatherm is invoked, it will be calculated on a customer specific basis. i.e. if a customer fails to curtail interruptible service when required by MPC, the charge will be determined on a customer specific basis regardless of the aggregated flows and MDDQs.
2. The MDDQs for distribution level customers being served under 100% firm service will be re-calculated annually using MPC's peak day model which takes historical daily consumption and weather and forecasts an MDDQ based on design day weather.
3. Section 18.3 of the GTC that allows MPC to increase the MDDQ if it is exceeded on any day will be administered on an aggregated basis. If the aggregated MDDQ is exceeded, the customer or customers responsible for exceeding the aggregated MDDQ will have their MDDQs increased so the total of the aggregated customer group equals the aggregated MDDQ. If a customer switches marketers or decides to contract for transportation services individually, the MDDQ will be the higher of the annually calculated peak day or the actual peak day consumption.
4. Customers with throughput or revenue commitments made to justify an extension of facilities will be required to fulfill their commitment before being eligible for network service.

CONCLUSION:

Nothing in this Stipulation is to be considered as precedent for the treatment of revenues, expenses, rate base or return or other issues in any future proceedings involving any of the parties hereto. In arriving at the settlement, the parties have not agreed to a particular methodology, adjustment or philosophy that may have been forwarded in the settlement process.

Furthermore, this settlement is offered as a complete unified settlement that has been arrived at through a process of compromise and negotiation. No part of this Stipulation is hereby offered to the Commission as settlement of that issue without acceptance of the complete settlement as expressed herein.

In the event that the Commission does not accept this Stipulation, then the parties to this Stipulation are not bound by the Stipulation and will be free to advocate any position they desire at a hearing following a determination by the Commission that this Stipulation is not acceptable.

IN WITNESS WHEREOF THE PARTIES HAVE SET THEIR HAND HERETO THIS ____
DAY OF FEBRUARY, 2000.

THE MONTANA POWER COMPANY

By: _____
Marjorie L. Thomas
Attorney

COMMERCIAL ENERGY OF MONTANA, INC.

By: _____
Ronald L. Perry
President



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The Montana Power Company
Legal Department

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PUBLIC SERVICE
COMMISSION

Michael E. Zimmerman
Vice President & General Counsel

Patrick T. Fleming
Michael P. Manion
Marjorie L. Thomas
Susan Callaghan
W. Wayne Harper
Brian Holland

March 1, 2000

Mr. Martin Jacobson
Attorney
Montana Public Service Commission
1701 Prospect Avenue
Helena, Montana 59620

Re: MPC Docket No. D99.8.176 – Stipulation Agreement with Energy West

Dear Mr. Jacobson:

Enclosed for filing are the original and ten copies of the Stipulation Agreement with Energy West. Please note that the total amount of the discount has changed from \$161,825 to \$172,049. A mistake in the worksheet that was handed out at the hearing yesterday was noticed and corrected. If you compare the worksheets, you will note that on the "System Charge" line, the \$10,260 cost was not carried over to the calculation of the discount and should have been.

The parties are proceeding with a review of the agreement between Energy West and The Montana Power Company, as contemplated by Paragraph 4 of the Stipulation Agreement.

The Stipulation Agreement was faxed and mailed to you on March 1, 2000.

Sincerely,

A handwritten signature in cursive script, reading "Marjorie L. Thomas".
Marjorie L. Thomas

The Montana Power Company
Natural Gas Utility

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Settlement Agreement – Rate Derivation Narrative
Docket No. D99.8.176

PUBLIC SERVICE
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Exhibit "A" – Derivation of Design Rates

The Derivation of Rates Exhibit "A" is comprised of the following Worksheets:

1. Page 1 is the separation of the class revenue responsibilities resulting from the Settlement Agreement. Where applicable, the various unit rates agreed to in the Stipulation are applied to the applicable billing determinants to determine the revenue responsibilities of the classes. For example, the transmission revenue recovery results from applying the transmission rates agreed to in the Stipulation to the applicable transmission billing determinants.
2. Page 2 is Statement H showing the overall rate impact on customer classes when the design rates resulting from the Stipulation are applied to the billing determinants reflected in the Docket.
3. Rates are derived using the billing determinants reflected in the Docket. Pages 3 and 4 are being submitted as part of Exhibit "A" to reconcile the billing determinants used to derive rates for the residential rate class with the billing determinants reported on Statement H, Column I.
4. Page 5 shows the derivation of residential rates. The revenue responsibility of the class is reduced by the class' proportionate share of the storage working gas reduction (developed on Exhibit "A", page 10) to derive the rates. The meter charge is as stipulated to. The transmission commodity charge is calculated using the transmission revenue responsibility of the class developed on Exhibit "A", page 8, and the storage commodity charge is calculated using the storage revenue responsibility of the class developed on Exhibit "A", page 10. The transmission and storage revenue responsibilities of the residential rate class (as well as all other classes) were developed by applying the stipulated to rate components to the applicable billing determinants. The distribution commodity charge is calculated using the remaining revenue responsibility of the class. The distribution revenue is the result of reducing the net revenue responsibility of the class reflected on line 4 by the revenue recovered from the meter, transmission and storage charges.
5. Page 6 shows the derivation of general service rates. These rates were developed similar to the residential rates described in No. 4 above.
6. Page 7 shows the derivation of transportation rates at the distribution level. The firm transportation rates are as stipulated to in the Settlement Agreement.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1	The Montana Power Company																
2	Docket D99.8.176																
3	Stipulated Revenue Requirement with Working Gas Storage Adjustment																
4																	
5																	
6																	
7																	
8		Revenues @															
9	Description	Order 6114a/c															
10	Core - DBU	Design Rates															
11	Residential																
12	Residential	\$60,110,587															
13	Employee	\$357,535															
14	Low Income	\$2,375,517															
15	Total Residential	\$62,843,639															
16																	
17	General Service																
18	Commercial	\$29,035,980															
19	Industrial	\$1,484,724															
20	Gov't & Municipal	\$242,147															
21	Interdepartmental	\$171,352															
22	Total GS	\$30,934,103															
23																	
24	CNG Vehicles	\$24,306															
25	TOTAL Core - DBU	\$93,802,048															
26																	
27	Utilities	\$599,125															
28																	
29	Non-Core																
30	DBU Transportation																
31	Firm Transp.	\$1,762,149															
32	Interr. Transp.	\$49,332															
33	Total DBU Trans.	\$1,811,481															
34																	
35	TBU Transportation																
36	Firm Transp.	\$7,277,822															
37	Interr. Transp.	\$921,966															
38	Total TBU Trans.	\$8,199,788															
39																	
40	Storage	\$1,530,120															
41																	
42																	
43																	
44	Total Rate Case Revenue	\$105,942,562															
45																	
46	Proposed Revenue Increase																
47	Percentage Increase																
48																	

The Montana Power Company Natural Gas Utility 12 Months Ended December 1998												
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
				Actual						Test Period		
Line No.	Avg. Cust. Nos.	Demand	Market (Dkt)	Revenues	Revenues @ Order 6114/c Design Rates	Avg. Cust. Nos.	Demand	Market (Dkt)	Revenues @ Order 6114/c Design Rates	Revenues @ Settlement Design Rates	Revenue Change (K) vs (J)	Percent Change (K) vs (J)
1	Core - DBU											
2	Residential	-	10,812,400	\$58,269,336	\$54,457,411	122,402	-	12,081,917	\$60,110,587	\$64,933,438	\$4,822,851	8.02
3	Employee	1,533	177,872	\$669,202	\$651,007	780	-	98,583	\$357,535	\$385,576	\$28,041	7.84
4	Low Income	5,985	519,811	\$2,507,770	\$2,368,328	5,677	-	526,123	\$2,375,517	\$2,424,714	\$49,197	2.07
5	Total Residential	127,582	11,510,083	\$61,446,308	\$57,476,746	128,859	-	12,706,623	\$62,843,639	\$67,743,728	\$4,900,089	7.80
6	General Service											
7	Commercial	17,581	5,681,120	\$30,120,125	\$28,200,750	17,725	-	5,873,899	\$29,035,880	\$31,567,709	\$2,531,829	8.72
8	Industrial	394	276,121	\$1,371,860	\$1,304,354	394	-	317,875	\$1,484,724	\$1,571,783	\$87,059	5.86
9	Gov't & Municipal	9	49,890	\$237,204	\$220,524	9	-	54,884	\$242,147	\$256,119	\$13,972	5.77
10	Interdepartmental	32	35,195	\$201,367	\$162,894	32	-	37,148	\$171,352	\$179,532	\$8,180	4.77
11	Total GS	18,016	6,042,326	\$31,930,556	\$29,888,522	18,160	-	6,283,806	\$30,934,103	\$33,575,143	\$2,641,040	8.54
12	CNG Vehicles											
13	TOTAL Core - DBU	145,598	17,557,862	\$93,393,432	\$87,388,879	147,019	197,000	18,996,042	\$93,802,048	\$101,344,824	\$7,542,776	6.78
14	Utilities	3	2,703	\$606,470	\$566,578	3	2,703	218,785	\$599,125	\$624,768	\$25,643	4.28
15	Non-Core											
16	DBU Transportation											
17	Firm Transp.	214	2,529,920	\$1,807,313	\$1,543,818	214		3,082,643	\$1,762,149	\$2,005,320	\$243,171	13.80
18	Interr. Transp.	214	122,365	\$40,985	\$42,484	214		139,700	\$49,332	\$26,404	\$22,928	(46.48)
19	Total DBU Trans.	214	2,652,285	\$1,848,298	\$1,586,302	214		3,222,343	\$1,811,481	\$2,031,724	\$220,243	12.16
20	TBU Transportation											
21	Firm Transp.	19	12,288,029	\$8,100,963	\$7,415,042	19		11,302,771	\$7,277,822	\$8,635,178	\$1,357,356	18.65
22	Interr. Transp.	19	5,481,212	\$1,173,108	\$1,116,614	19		4,367,392	\$921,966	\$1,009,905	\$87,939	9.54
23	Total TBU Trans.	19	17,769,241	\$9,274,071	\$8,531,656	19	89,142	15,670,163	\$8,199,788	\$9,645,083	\$1,445,295	17.63
24	Storage	45,540		\$2,368,766	\$2,368,766	30,051			\$1,530,120	\$1,741,404	\$211,284	13.81
25	USBC Revenues										\$0	
26	TOTAL MONTANA	145,834	38,179,489	\$107,491,037	\$101,648,172	147,255		38,107,333	\$107,141,811	\$116,587,052	\$9,445,241	8.82
27	Off-System		6,743,269	\$2,005,590	\$2,005,590			6,641,000	\$1,674,183	\$1,674,183	\$0	
28	CMPL Transportation			\$319,206	\$319,206				\$360,000	\$360,000	\$0	
29	Miscellaneous Revenues			(\$2,673,449)	(\$2,673,449)				(\$136,935)	(\$136,935)	\$0	
30	TOTAL	145,834	44,922,758	\$107,142,384	\$101,299,519	147,255		44,748,333	\$109,039,059	\$118,484,300	\$9,445,241	8.66

The Montana Power Company
Natural Gas Utility

Billing Determinants for Rate Computation - Consumption

Line No.	(A)	(B) Annual Billing Deter. Dekatherms	(C) Employee Discount (25 Percent)	(D) Billing Deter. for Rate Computation
1				
2	<u>Consumption</u>			
3	Core - DBU			
4	Residential	12,081,917		12,081,917
5	Employee	98,583	24,646	73,937
6	Low Income	526,123		526,123
7	Total Residential	12,706,623	24,646	12,681,977
8				
9	General Service	6,289,419		6,289,419
10	Total Core - DBU	18,996,042	24,646	18,971,396
11				
12	Utility	218,785		218,785
13				
14	Non-Core			
15	DBU - Non-Core Transport.			
16	Firm Transp.	3,082,643		3,082,643
17	Interrupt. Transp.	139,700		139,700
18	Sub-Total	3,222,343		3,222,343
19				
20	TBU - Non-Core Transport			
21	Firm Transp.	11,302,771		11,302,771
22	Interrupt. Transp.	4,367,392		4,367,392
23	Sub-Total	15,670,163		15,670,163
24				
25				
26	TOTAL Montana	38,107,333	24,646	38,082,687
27				
28				
29				
30				

The Montana Power Company
Natural Gas Utility
Billing Determinants for Rate Computation - Customer Numbers

Line No.	(A) Customer Nos.	(B) Average Monthly Customer Numbers	(C) Employee Discount (25 Prct)	(D) Avg. Mo. Customer Nos. for Rate Comp.	(E) Avg. Annual Customer Nos. for Rate Comp.
1	<u>Customer Nos.</u>				
2	Core - DBU				
3	Residential 0 - 300	121,590		121,590	1,459,080
4	301 - 1,000	683		683	8,196
5	1,001 - 2,000	103		103	1,236
6	2,001 - 5,000	26		26	312
7					
8	Employee 0 - 300	780	195	585	7,020
9					
10	Low Income 0 - 300	5,677		5,677	68,124
11	Total Residential	128,659	195	128,664	1,543,968
12					
13	General Service				
14	Commercial 0 - 300	11,487		11,487	137,844
15	301 - 1,000	2,759		2,759	33,108
16	1,001 - 2,000	2,164		2,164	25,968
17	2,001 - 5,000	1,205		1,205	14,460
18	5,001 - 10,000	95		95	1,140
19	10,001 - 30,000	13		13	156
20	> 30,000	2		2	24
21	Total Commercial	17,725		17,725	212,700
22					
23	Indust. Firm 0 - 300	252		252	3,024
24	301 - 1,000	61		61	732
25	1,001 - 2,000	48		48	576
26	2,001 - 5,000	27		27	324
27	5,001 - 10,000	3		3	36
28	10,001 - 30,000	1		1	12
29	> 30,000	2		2	24
30	Total Industrial Firm	394		394	4,728
31					
32	G & M 0 - 300	6		6	72
33	301 - 1,000	1		1	12
34	1,001 - 2,000	1		1	12
35	2,001 - 5,000	1		1	12
36	Total G & M	9		9	108
37					
38	Interdepart. 0 - 300	21		21	252
39	301 - 1,000	5		5	60
40	1,001 - 2,000	4		4	48
41	2,001 - 5,000	2		2	24
42	Total Interdepartmental	32		32	384
43					
44	Total GS	18,160		18,160	217,920
45					
46	Total Core - DBU	147,019	195	146,824	1,761,888
47					
48	Utilities - 10,001 - 30,000	1		1	12
49	> 30,000	2		2	24
50		3		3	36
51	Non-Core				
52	DBU - Non-Core Transport.				
53	2,000 - 5,000	5		5	60
54	5,001 - 10,000	140		140	1,680
55	10,001 - 30,000	49		49	588
56	> 30,000	20		20	240
57	Sub-Total	214		214	2,568
58					
59	TBU - Non-Core Transp.				
60	5,000 - 10,000	1		1	12
61	10,001 - 30,000	2		2	24
62	> 30,000	16		16	192
63	Sub-Total	19		19	228
64					
65	TOTAL Montana	147,255	195	147,058	1,764,720

The Montana Power Company
Natural Gas Utility
Derivation of Residential Rates

Line No.	(A)	(B) Billing Det. for Rate Derivation	(C) Unit Rate	(D) Total Non Gas Revenue
1				
2	Residential Rev. Responsibility - Settlement			\$46,747,912
3	Less: Storage Working Gas Adjustment			\$288,776 ¹
4	Net Residential Revenue Responsibility			<u>\$46,459,136</u>
5				
6	<u>Unit Rates Based on Settlement:</u>			
7				
8	<u>Meter Charge:</u>			
9	Customer No. for Rate Design	1,543,968	\$6.00	\$9,263,808
10				
11				
12	<u>Transmission Commodity Charge:</u>			
13	Transmission Revenues			\$12,206,210 ²
14	Market (Dkt)	12,681,977		
15	Unit Rate/Dkt		<u>\$0.962</u>	
16				
17	<u>Storage Commodity Charge:</u>			
18	Storage Revenues			\$4,375,111 ³
19	Market (Dkt)	12,681,977		
20	Unit Rate/Dkt		<u>\$0.345</u>	
21				
22	<u>Distribution Commodity Charge:</u>			
23	Remaining Revenue to be Recovered			\$20,614,007
24	Market (Dkt)	12,681,977		
25	Unit Rate/Dkt		<u>\$1.625</u>	
26				
27	Total Revenue Recovery			<u>\$46,459,136</u>
28				
29				
30				
31				
32	¹ Source: Exhibit "A", Page <u>10</u> , Column E, Line 56			
33	² Source: Exhibit "A", Page <u>8</u> , Line 32			
34	³ Source: Exhibit "A", Page <u>10</u> , Column D, Line 56			
35				
36				

The Montana Power Company
Natural Gas Utility
Derivation of General Service Rates

Line No.	(A)	(B) Billing Det. for Rate Derivation	(C) Unit Rate	(D) Total Revenue
1				
2	GS Rev. Responsibility - Settlement			\$22,971,130
3	Less: Storage Working Gas Adjustment			\$142,939 ¹
4	Net GS Revenue Responsibility			\$22,828,191
5				
6	<u>Unit Rates Based on Settlement:</u>			
7				
8	<u>Meter Charge:</u>			
9	General Service			
10	Meter Rating			
11	0 to 300	141,192	\$14.94	\$2,109,408
12	301 to 1,000	33,912	\$19.73	\$669,084
13	1,001 to 2,000	26,604	\$31.83	\$846,805
14	2,001 to 5,000	14,820	\$53.50	\$792,870
15	5,001 to 10,000	1,176	\$65.67	\$77,228
16	10,001 to 30,000	168	\$103.88	\$17,452
17	> 30,000	48	\$126.21	\$6,058
18	Total	217,920		\$4,518,905
19				
20	<u>Transmission Commodity Charge:</u>			
21	Transmission Rev. Req.			\$6,042,409 ²
22	Market (Dkt)	6,289,419		
23	Unit Rate/Dkt		<u>\$0.961</u>	
24				
25	<u>Storage Commodity Charge:</u>			
26	Storage Rev. Req.			\$2,165,594 ³
27	Market (Dkt)	6,289,419		
28	Unit Rate/Dkt		<u>\$0.344</u>	
29				
30	<u>Distribution Commodity Charge:</u>			
31	Remaining Rev. Req.			\$10,101,283
32	Market (Dkt)	6,289,419		
33	Unit Rate/Dkt		<u>\$1.606</u>	
34				
35	Total Revenue Recovery			<u>\$22,828,191</u>
36				
37				
38				
39				
40	¹ Source: Exhibit "A", Page 10, Column E, Line 60			
41	² Source: Exhibit "A", Page 8, Line 36			
42	³ Source: Exhibit "A", Page 10, Column D, Line 60			
43				

The Montana Power Company
Natural Gas Utility

Derivation of Distribution Level Transportation Rates

Line No.	(A)	(B) Billing Det. for Rate Computation	(C) Unit Rate	(D) Total Revenue
1				
2	<u>Dist. Rev. Req. - Firm Transportation - Settlement</u>			<u>\$2,005,414</u>
3				
4				
5	<u>Unit Rates Based on Settlement:</u>			
6				
7				
8	<u>Meter Charge:</u>			
9	Meter Rating			
10	< 5,000	60	\$91.00	\$ 5,460
11	5,001 to 10,000	1,680	\$104.00	\$ 174,720
12	10,001 to 30,000	588	\$143.00	\$ 84,084
13	> 30,001	240	\$166.00	\$ 39,840
14	Total	2,568		\$ 304,104
15				
16				
17	<u>DBU: Firm Transportation</u>			
18	<u>Reservation Rate:</u>			
19	Distribution Revenue Req.			\$1,701,310
20	Peak MDDQ	24,621		
21	Unit Rate/MDDQ		<u>\$5.758</u>	
22				
23	Total Revenue Recovery			<u>\$2,005,414</u>
24				
25				
26				
27	<u>DBU Interruptible Transportation</u>			
28	Avg. No. of Days/Mo.	30.42		
29	100% Load Factor IT Rate/Dkt			
30	(Reser. Rate /100% LFX100)/30.42 + Commodity		<u>0.189</u>	

The Montana Power Company
Natural Gas Utility
Derivation of Transmission Level Transportation Rates

Line No.	(A)	(B) Billing Det. for Rate Computation	(C) Unit Rate	(D) Total Revenue
1				
2	<u>Transmis. Rev. Req. - Firm Transport. - Settlement</u>			<u>\$8,635,136</u>
3				
4	<u>Unit Rates Based on Settlement:</u>			
5				
6				
7	<u>Meter Charge:</u>			
8	Meter Rating			
9	5,001 to 10,000	12	\$89.00	\$1,068
10	10,001 to 30,000	24	\$128.00	\$3,072
11	> 30,001	192	\$284.00	\$54,528
12	Total	228		<u>\$58,668</u>
13				
14	<u>TBU Firm Transportation</u>			
15	<u>Commodity Rate:</u>			
16	Commodity Rev. Req.			\$791,198
17	Market (Dkt)	14,385,414		
18	Rate/Dkt		<u>\$0.055</u>	
19				
15	<u>Reservation Rate:</u>			
16	Customer Rev. Req.			\$7,785,270
17	Transmission Peak MDDQ	89,142		
18	Maximum Rate/MDDQ		<u>\$7.278</u>	
19				
20	Total Revenue Recovery			<u>\$8,635,136</u>
21				
22	<u>TBU Interruptible Transportation</u>			
23	Avg. No. of Days/Mo.	30.42		
24	100% Load Factor IT Rate/Dkt			
25	(Reser. Rate /100% LFX100)/30.42 + Commodity		<u>\$0.294</u>	
26				
27				
28				
29	<u>Transmission Revenue Recovery - Other Classes:</u>			
30	Residential Market for Rate Design	12,681,977	\$0.055	\$697,509
31	Residential MDDQ - Transmission	131,775	\$7.278	\$11,508,701
32	Total Res. Transmission Rev. Recovery			<u>\$12,206,210</u>
33				
34	General Service Market	6,289,419	\$0.055	\$345,918
35	General Service MDDQ - Transmission	65,225	\$7.278	\$5,696,491
36	Total GS Transmission Rev. Recovery			<u>\$6,042,409</u>
37				
38	Utility Market	218,785	\$0.055	\$12,033
39	Utility MDDQ - Transmission	2,703	\$7.278	\$236,069
40	Total Utility Transmission Rev. Recovery			<u>\$248,102</u>

The Montana Power Company
Natural Gas Utility

Derivation of Firm Utility Gas Contract (FUGC) Rates

Line No.	(A)	(B) Billing Det. for Rate Computation	(C) Unit Rate	(D) Total Revenue
1	FUGC Rev. Responsibility - Settlement			\$255,317
2	Less: Storage Working Gas Adjustment			\$5,335 ¹
3	Net FUGC Revenue Responsibility			<u>\$249,982</u>
4				
5	<u>Unit Rates Based on Settlement:</u>			
6				
7	Meter Charge:			
8	Meter Rating			
9	10,001 to 30,000	12	\$95.00	\$1,140
10	> 30,000	24	\$245.00	\$5,880
11	Total	<u>36</u>		<u>\$7,020</u>
12				
13	<u>Storage Reservation Rate:</u>			
14	Demand Revenue			\$77,354 ²
15	Storage Peak MDDQ	1,487		
16	Unit Rate/MDDQ		<u>\$4.335</u>	
17				
18	<u>Commodity Rate Associated w/ Storage:</u>			
19	Commodity Revenue			\$3,480 ³
20	Market (Dkt)	218,785		
21	Unit Rate/Dkt		<u>\$0.016</u>	
22				
23	<u>Transmission Commodity Rate:</u>			
24	Commodity Revenue			\$12,033 ⁴
25	Market (Dkt)	218,785		
26	Unit Rate/Dkt		<u>\$0.055</u>	
27				
28	<u>Transmission Reservation Rate:</u>			
29	Remaining Revenue Requirement			\$150,095
30	Transmission Peak MDDQ	2,703		
31	Unit Rate/MDDQ		<u>\$4.627</u>	
32				
33				
34	Total Revenue Recovery			<u>\$249,982</u>

- 38 ¹ Source: Exhibit "A", Page 10, Column E, Line 64
39 ² Source: Exhibit "A", Page 10, Column D, Line 63
40 ³ Source: Exhibit "A", Page 10, Column D, Line 62
41 ⁴ Source: Exhibit "A", Page 8, Line 38

The Montana Power Company Natural Gas Utility Derivation of Storage Rates				
(A)	(B) Billing Det. for Rate Derivation	(C) Unit Rate	(D) Total Revenue	(E) Wrk Gas Rev. Reduct. by Class
Line No.				
1	Storage Rev. Responsibility - Stimnt before Working Gas Adj.			
2			\$1,741,395	
3	Unit Rates Based on Settlement:			
4	Commodity Rate:			
5	Commodity Revenue Recovery		\$70,319	
6	Average Market	1,081,836		
7	Average Unit Rate			
8		\$0.065		
9	Injection Commodity Rate	\$0.022		
10	Withdrawal Commodity Rate	\$0.022		
11	Storage Capacity Rate	\$0.021		
12		\$0.065		
13	Demand Rate:			
14	Deliverability Rev. Req			
15	MDDQ	30,051	\$1,671,076	
16	Maximum Withdrawal Rate/MDDQ			
17		\$4.634		
18	Total Revenue Recovery		\$1,741,395	
19				
20	Storage Revenue Recovery - Other Classes:			
21	Residential Market	2,897,424	\$188,333	
22	Residential MDDQ - Storage	80,484	\$4,475,554	
23	Total Res. Storage Rev. Recovery		\$4,663,887	
24				
25	General Service Market	1,434,168	\$93,221	
26	General Service MDDQ - Storage	39,838	\$2,215,312	
27	Total GS Storage Rev. Recovery		\$2,308,533	
28				
29	Utility Market	53,532	\$3,480	
30	Utility MDDQ - Storage	1,487	\$82,689	
31	Total Utility Storage Rev. Recovery		\$86,169	
32				
33	Storage Rev. Responsibility - Stimnt after Working Gas Adj.			
34			\$1,633,396	
35	Unit Rates Based on Settlement:			
36	Commodity Rate:			
37	Commodity Revenue Recovery		\$70,319	
38	Average Market	1,081,836		
39	Average Unit Rate			
40		\$0.065		
41	Injection Commodity Rate	\$0.022		
42	Withdrawal Commodity Rate	\$0.022		
43	Storage Capacity Rate	\$0.021		
44		\$0.065		
45	Demand Rate:			
46	Deliverability Rev. Req			
47	MDDQ	30,051	\$1,563,077	
48	Maximum Withdrawal Rate/MDDQ			
49		\$4.335		
50	Total Revenue Recovery		\$1,633,396	
51				\$107,999
52	Storage Revenue Recovery - Other Classes:			
53	Residential Market	2,897,424	\$188,333	
54	Residential MDDQ - Storage	80,484	\$4,186,778	
55	Total Res. Storage Rev. Recovery		\$4,375,111	\$288,776
56				
57	General Service Market	1,434,168	\$93,221	
58	General Service MDDQ - Storage	39,838	\$2,072,373	
59	Total GS Storage Rev. Recovery		\$2,165,594	\$142,939
60				
61	Utility Market	53,532	\$3,480	
62	Utility MDDQ - Storage	1,487	\$77,354	
63	Total Utility Storage Rev. Recovery		\$80,834	\$5,335
64				
65	Total Working Gas Revenue Decrease			\$545,049
66				

7. Page 8 shows the derivation of transportation rates at the transmission level. The firm transportation rates are as stipulated to in the Settlement Agreement. The transmission revenue responsibility of the various classes is developed on this sheet, and as stated above, result from applying the stipulated to rates to the applicable class billing determinants.
8. Page 9 shows the derivation of the Firm Utility Gas Contract (FUGC) rates. The meter charges, storage reservation, and transmission commodity charge are those stipulated to in the Settlement Agreement. The storage commodity charge is calculated using the storage revenue responsibility of the class developed on Exhibit "A", page 10. The transmission reservation rates is calculated using the remaining revenue responsibility of the class reflected on line 3 by the revenue recovered from the meter, storage reservation and commodity, and transmission commodity charges.
9. Page 10 shows the derivation of the storage rates. The first step is to calculate the storage rates using the revenue responsibility agreed to in the Stipulation (lines 1 through 31). The next step takes the stipulated revenue responsibility for storage and reduces it by the storage working gas adjustment. This first step is necessary in order to determine the appropriate revenue reduction for the various classes for rate derivation purposes. The storage rates proposed for inclusion on the Storage Rate Schedule are shown on lines 42 through 49.

Exhibit "B" – Proposed Tariffs

This Section includes the Rate Tariffs proposed for approval by the Commission. Where applicable, these rate schedules also include the unit rate components approved in the most recent Gas Tracker, Docket No. D99.11.247. The Deferred Gas Cost amortization is reflected on the Core DBU and FUGC rate schedules; the Rate Refund associated with Order 5898d is reflected on the Core DBU rate schedules; the unit gas cost discussed below is reflected on the Core DBU and FUGC rate schedules; and the GTAC amortization is reflected on the Core DBU, FUGC and TBU firm transportation rate schedules.

The gas cost reflected in the ALCOS/RD filings in Docket No. D99.8.176 was \$1.713/Dkt. However, Order No. 6212 in Docket No. D99.11.247 (annual gas tracking filing) approved a gas cost of \$1.949/Dkt. Testimony and exhibits filed in that gas tracking docket indicated that simultaneous changes would occur upon Commission approval of the Working Gas Storage Adjustment proposed in Docket No. D99.8.176. The Company indicated that the adjustment would reduce storage rates in Docket No. D99.8.176, and increase the gas cost component included in the gas cost tracker Docket No. D99.11.247 (from \$1.949/Dkt to \$1.978/Dkt).

Therefore, the gas cost included on the Core DBU and FUGC rate schedules is \$1.978, pursuant to the Stipulation in Docket No. D99.8.176 regarding the Working Gas Adjustment and the gas tracker Docket No. D99.11.247.



GAS TARIFF

Exhibit "B"
Stipulation
Page 1 of 37

The Montana Power Company

Canceling _____

Sheet No. 10.1

Sheet No. _____

Schedule No. D-RG-1

DISTRIBUTION BUSINESS UNIT RESIDENTIAL NATURAL GAS SERVICE

APPLICABILITY: Applicable to residential service, including single family dwellings and single family living units which are individually metered, in all territory served by the Utility Distribution Business Unit (Utility).

RATES: Net Monthly Bill:

Monthly Service Charge per Meter:

\$ 6.00

PLUS:

Commodity Charges (Monthly \$/Dkt)

All Dekatherms @

Distribution Charge

\$ 1.625

Transmission Charge

0.962

Storage Charge

0.345

Gas Supply Charge

1.978

Deferred Gas Cost Amortization

0.042

GTAC Amortization

(0.023)

Rate Refund

(0.039)

Total Rate

\$ 4.890

PLUS:

OTHER APPLICABLE CHARGES: All charges contained on other applicable rate schedules approved by the Public Service Commission of Montana.

LOW INCOME DISCOUNT: Customers of the Utility shall obtain a fifteen percent (15%) discount from the above Regular Customer Rate(s) for residential usage, if they have satisfied the requirements for and are receiving energy assistance through the LIEAP program administered by the State of Montana Department of Public Health and Human Services.

DEFERRED GAS COST: Pursuant to MPSC Order No. 6212, the above Deferred Gas Cost Amortization shall be in effect until the balance is extinguished.

GAS TRANSPORTATION ADJUSTMENT CLAUSE: Pursuant to MPSC Order No. 6212, the above GTAC Amortization shall be in effect until the balance is extinguished.

RATE REFUND: Pursuant to MPSC Order No. 6212, the above Rate Refund shall be in effect until the balance is extinguished.

(continued)

ISSUED BY: Patrick R. Corcoran

TITLE: Executive Director

TARIFF LETTER NO.: _____

EFFECTIVE: For Service on and after

APPROVED: _____

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

Exhibit "B"
Stipulation

Page 2 of 37

Canceling _____

Sheet No. 10.2

Sheet No. _____

Schedule No. D-RG-1

DISTRIBUTION BUSINESS UNIT
CORE NATURAL GAS SERVICE
(concluded)

PAYMENT: Billed amounts shall be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate Schedule No. SGS-1.

SPECIAL TERMS AND CONDITIONS:

1. Definitions: The definitions of the principal terms used in this Rate Schedule are contained in Rule No. 1.
2. Multiple Residential Dwelling Units: Where the same building complex contains multiple residential dwelling units, each building shall be separately metered unless the building owner requests individual meters for each residential dwelling unit within the building(s). The term "building complex" is defined as a structure under one roof, or two or more connected structures under separate roofs throughout which there is general access by means of doors, elevators, stairways, enclosed passageways or continuous corridors; but sidewalks, driveways, breezeways, heating and utility tunnels, pipes or conduits are not considered enclosed passageways.
3. Service and Rates Subject to Commission Jurisdiction: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

Exhibit "B"

Stipulation

Page 3 of 37

Canceling _____

Sheet No. 11.1

Street No. _____

Schedule No. D-RGCA-1

DISTRIBUTION BUSINESS UNIT RESIDENTIAL GAS CORE AGGREGATION SERVICE

APPLICABILITY: Applicable to residential service, including single family dwellings and single family living units which are individually metered, being served under the Core Aggregation Gas Transportation Program (Program) in all territory served by the Utility Distribution Business Unit (Utility).

AVAILABILITY: Available to residential service customer loads, aggregated in accordance with Rate Schedule No. AGCT-1 and as is administratively feasible for the Utility.

RATES: Net Monthly Bill:

Monthly Service Charge per Meter:

\$ 6.00

PLUS:

Commodity Charges (Monthly \$/Dkt)

All Dekatherms @

Distribution Charge

\$ 1.625

Transmission Charge

0.962

Storage Charge

0.345

Deferred Gas Cost Amortization

0.042

GTAC Amortization

(0.023)

Rate Refund

(0.039)

Total Rate

\$ 2.912

PLUS:

OTHER APPLICABLE CHARGES: All charges contained on other applicable rate schedules approved by the Public Service Commission of Montana.

LOW INCOME DISCOUNT: Customers of the Utility who obtained a fifteen percent (15%) discount under Rate Schedule No. D-RG-1 shall obtain a twenty-three percent (23%) discount from the above rates for residential usage, if they have satisfied the requirements for and are receiving energy assistance through the LIEAP program administered by the State of Montana Department of Public Health and Human Services.

DEFERRED GAS COST: Pursuant to MPSC Order No. 6212, the above Deferred Gas Cost Amortization shall be in effect until the balance is extinguished.

GAS TRANSPORTATION ADJUSTMENT CLAUSE: Pursuant to MPSC Order No. 6212, the above GTAC Amortization shall be in effect until the balance is extinguished.

RATE REFUND: Pursuant to MPSC Order No. 6212, the above Rate Refund shall be in effect until the balance is extinguished.

(continued)

ISSUED BY: Patrick R. Corcoran

TITLE: Executive Director

TARIFF LETTER NO.: _____

EFFECTIVE: For Service on and after

APPROVED: _____

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

Exhibit "B"

Stipulation

Page 4 of 37

Canceling _____

Sheet No. 11.2

Sheet No. _____

Schedule No. D-RGCA-1

DISTRIBUTION BUSINESS UNIT RESIDENTIAL GAS CORE AGGREGATION SERVICE (continued)

PAYMENT: Billed amounts shall be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate Schedule No. SGS-1.

CHANGE IN SERVICE: Customer may opt to return to core sales service or change Suppliers, in accordance with Section 18.7 of Rate Schedule AGTC-1.

SPECIAL TERMS AND CONDITIONS:

1. **Definitions:** The definitions of the principal terms used in this Rate Schedule are contained in Rule No. 1 and Rate Schedule AGTC-1.
2. **Amortizations:** For the initial term of any Agreement under this Rate Schedule, Customer's core rates shall include rate components that reflect the most recent balances associated with the Deferred Gas Cost Account Mechanism and the Gas Transportation Adjustment Clause Mechanism. These rate components shall include any net balances being amortized from the preceding 12-month activities and the net balances accruing in accordance with the current year's activities.
3. **Multiple Residential Dwelling Units:** Where the same building complex contains multiple residential dwelling units, each building shall be separately metered unless the building owner requests individual meters for each residential dwelling unit within the building(s). The term "building complex" is defined as a structure under one roof, or two or more connected structures under separate roofs throughout which there is general access by means of doors, elevators, stairways, enclosed passageways or continuous corridors; but sidewalks, driveways, breezeways, heating and utility tunnels, pipes or conduits are not considered enclosed passageways.
4. **Nonresidential Uses:** Where a portion of a residential dwelling unit is used for nonresidential purposes, such service shall be separately metered and billed as a general service customer. If installation of a separate meter is impractical, the predominate usage of the premise shall determine whether Customer is billed as a residential or general service customer.
5. **Release of Customer Information:** Utility shall provide Aggregator with twelve months of customer gas consumption, following the receipt of a customer-signed Authorization Form that properly identifies Customer's account(s).

(continued)

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after _____

Public Service Commission of Montana



GAS TARIFF

Exhibit "B"
Stipulation
Page 5 of 39

The Montana Power Company

Canceling _____

Sheet No. 11.3

Sheet No. _____

Schedule No. D-RGCA-1

DISTRIBUTION BUSINESS UNIT
RESIDENTIAL GAS CORE AGGREGATION SERVICE
(concluded)

SPECIAL TERMS AND CONDITIONS:

6. Aggregation of Loads: Aggregation of loads served under this Rate Schedule with other loads shall not change the otherwise applicable rates for service under this Rate Schedule.
7. Service and Rates Subject to Commission Jurisdiction: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

Exhibit "B"
Stipulation
Page 6 of 37

Canceling _____

Sheet No. 20.1

Sheet No. _____

Schedule No. D-GSG-1

DISTRIBUTION BUSINESS UNIT GENERAL NATURAL GAS SERVICE

APPLICABILITY: Applicable to commercial, industrial, multiple apartment buildings containing two or more dwelling units served through one meter, and other nonresidential core service in all territory served by the Utility Distribution Business Unit (Utility).

RATES: Net Monthly Bill:

Monthly Service Charge per Meter:

Meters Rated @ Cu. Ft. per hour	Per Meter Charge
0 to 300	\$ 14.94
301 to 1,000	\$ 19.73
1,001 to 2,000	\$ 31.83
2,001 to 5,000	\$ 53.50
5,001 to 10,000	\$ 65.67
10,001 to 30,000	\$ 103.88
> 30,000	\$ 126.21

PLUS:

Commodity Charges (Monthly \$/Dkt)

Distribution Charge

Transmission Charge

Storage Charge

Gas Supply Charge

Deferred Gas Cost Amortization

GTAC Amortization

Rate Refund

Total Rate

All Dekatherms @

\$ 1.606

0.961

0.344

1.978

0.042

(0.023)

(0.039)

\$ 4.869

PLUS:

OTHER APPLICABLE CHARGES: All charges contained on other applicable rate schedules approved by the Public Service Commission of Montana.

DEFERRED GAS COST: Pursuant to MPSC Order No. 6212, the above Deferred Gas Cost Amortization shall be in effect until the balance is extinguished.

GAS TRANSPORTATION ADJUSTMENT CLAUSE: Pursuant to MPSC Order No. 6212, the above GTAC Amortization shall be in effect until the balance is extinguished.

RATE REFUND: Pursuant to MPSC Order No. 6212, the above Rate Refund shall be in effect until the balance is extinguished.

(continued)

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after _____

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

Exhibit "B"
Stipulation
Page 7 of 37

Canceling _____

Sheet No. 20.2

Sheet No. _____

Schedule No. D-GSG-1

DISTRIBUTION BUSINESS UNIT
GENERAL NATURAL GAS SERVICE
(concluded)

PAYMENT: Billed amounts shall be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate Schedule No. SGS-1.

SPECIAL TERMS AND CONDITIONS:

1. Definitions: The definitions of the principal terms used in this Rate Schedule are contained in Rule No. 1.
2. Multiple Residential Dwelling Units: Where the same building complex contains multiple residential dwelling units, each building shall be separately metered unless the building owner requests individual meters for each residential dwelling unit within the building(s). The term "building complex" is defined as a structure under one roof, or two or more connected structures under separate roofs throughout which there is general access by means of doors, elevators, stairways, enclosed passageways or continuous corridors; but sidewalks, driveways, breezeways, heating and utility tunnels, pipes or conduits are not considered enclosed passageways.
3. Service and Rates Subject to Commission Jurisdiction: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

Exhibit "B"
Stipulation
Page 8 of 39

Canceling _____

Sheet No. 21.1

Sheet No. _____

Schedule No. D-GSGCA-1

DISTRIBUTION BUSINESS UNIT GENERAL SERVICE GAS CORE AGGREGATION SERVICE

APPLICABILITY: Applicable to commercial, industrial, multiple apartment buildings containing two or more dwelling units served through one meter, and other nonresidential core service, being served under the Core Aggregation Gas Transportation Program (Program) in all territory served by the Utility Distribution Business Unit (Utility).

AVAILABILITY: Available to general service customer loads, aggregated in accordance with Rate Schedule No. AGCT-1 and as is administratively feasible for the Utility.

RATES: Net Monthly Bill:

Monthly Service Charge per Meter:

<u>Meters Rated @</u> <u>Cu. Ft. per hour</u>	<u>Per Meter</u> <u>Charge</u>
0 to 300	\$ 14.94
301 to 1,000	\$ 19.73
1,001 to 2,000	\$ 31.83
2,001 to 5,000	\$ 53.50
5,001 to 10,000	\$ 65.67
10,001 to 30,000	\$ 103.88
> 30,000	\$ 126.21

PLUS:

Commodity Charges (Monthly \$/Dkt)

Distribution Charge

Transmission Charge

Storage Charge

Deferred Gas Cost Amortization

GTAC Amortization

Rate Refund

Total Rate

All Dekatherms @

\$ 1.606

0.961

0.344

0.042

(0.023)

(0.039)

\$ 2.891

PLUS:

OTHER APPLICABLE CHARGES: All charges contained on other applicable rate schedules approved by the Public Service Commission of Montana.

(continued)

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after _____

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

Exhibit "B"
Stipulation
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Canceling _____

Schedule No. D-GSGCA-1

DISTRIBUTION BUSINESS UNIT
GENERAL SERVICE GAS CORE AGGREGATION SERVICE
(continued)

RATES: (continued)

DEFERRED GAS COST: Pursuant to MPSC Order No. 6212, the above Deferred Gas Cost Amortization shall be in effect until the balance is extinguished.

GAS TRANSPORTATION ADJUSTMENT CLAUSE: Pursuant to MPSC Order No. 6212, the above GTAC Amortization shall be in effect until the balance is extinguished.

RATE REFUND: Pursuant to MPSC Order No. 6212, the above Rate Refund shall be in effect until the balance is extinguished.

PAYMENT: Billed amounts shall be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate Schedule No. SGS-1.

CHANGE IN SERVICE: Customer may opt to return to core sales service or change Suppliers, in accordance with Section 18.7 of Rate Schedule AGTC-1.

SPECIAL TERMS AND CONDITIONS:

1. Definitions: The definitions of the principal terms used in this Rate Schedule are contained in Rule No. 1 and Rate Schedule AGTC-1.
2. Amortizations: For the initial term of any Agreement under this Rate Schedule, Customer's core rates shall include rate components that reflect the most recent balances associated with the Deferred Gas Cost Account Mechanism and the Gas Transportation Adjustment Clause Mechanism. These rate components shall include any net balances being amortized from the preceding 12-month activities and the net balances accruing in accordance with the current year's activities.

(continued)

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

Exhibit "B"

Stipulation

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Canceling _____

Sheet No. 21.3

Sheet No. _____

Schedule No. D-GSGCA-1

DISTRIBUTION BUSINESS UNIT
GENERAL SERVICE GAS CORE AGGREGATION SERVICE
(concluded)

SPECIAL TERMS AND CONDITIONS:

3. Multiple Residential Dwelling Units: Where the same building complex contains multiple residential dwelling units, each building shall be separately metered unless the building owner requests individual meters for each residential dwelling unit within the building(s). The term "building complex" is defined as a structure under one roof, or two or more connected structures under separate roofs throughout which there is general access by means of doors, elevators, stairways, enclosed passageways or continuous corridors; but sidewalks, driveways, breezeways, heating and utility tunnels, pipes or conduits are not considered enclosed passageways.
4. Release of Customer Information: Utility shall provide Aggregator with twelve months of customer gas consumption, following the receipt of a customer-signed Authorization Form that properly identifies Customer's account(s).
5. Aggregation of Loads: Aggregation of loads served under this Rate Schedule with other loads shall not change the otherwise applicable rates for service under this Rate Schedule.
6. Service and Rates Subject to Commission Jurisdiction: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

Exhibit "B"
Stipulation
Page 11 of 37

Canceling _____

Sheet No. 25.1

Sheet No. _____

Schedule No. D-FTG-1

DISTRIBUTION BUSINESS UNIT FIRM TRANSPORTATION NATURAL GAS SERVICE

APPLICABILITY: Applicable to Shippers for firm transportation service on the Utility Distribution System under the terms of a Gas Transportation Service Agreement (Agreement) between the Utility Distribution Business Unit (Utility) and Shipper and as subject to Rate Schedule General Terms and Operating Conditions (Rate Schedule GTC-1).

RATES: Net Monthly Bill:

Monthly Service Charge:

<u>Meters Rated @</u> <u>Cu. Ft. per hour</u>	<u>Per Meter</u> <u>Charge</u>
2,000 to 5,000	\$ 91.00
5,001 to 10,000	\$ 104.00
10,001 to 30,000	\$ 143.00
> 30,000	\$ 166.00

PLUS:

Distribution Charge: (\$/MDDQ)
Monthly Reservation Rate for Maximum
Daily Delivery Quantity (MDDQ)

Maximum
\$ 5.758

MINIMUM BILL: Per respective contracts.

PAYMENT: Billed amounts shall be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate Schedule No. SGS-1.

APPLICATION OF RATES:

Monthly Bill Components: Each month, Shipper's bill shall consist of a Monthly Service Charge and a Reservation Charge.

- Monthly Service Charge:** The Monthly Service Charge shall be the product of the number of delivery meters at Shipper's facility times the applicable Meter Charge(s) set forth above under **RATES**. If Shipper receives service under more than one rate schedule through a single meter, only one Service Charge per meter per month shall apply.

(continued)

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



GAS TARIFF

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The Montana Power Company

Canceling _____

Sheet No. 25.2

Sheet No. _____

Schedule No. D-FTG-1

DISTRIBUTION BUSINESS UNIT
FIRM TRANSPORTATION NATURAL GAS SERVICE
(concluded)

APPLICATION OF RATES: (continued)

Monthly Bill Components: (continued)

2. Reservation Charge:

- A. The Monthly Reservation Charge shall be the product of the Shipper's MDDQ times the applicable rate set forth above under RATES.
- B. The Reservation Charge shall be prorated in the first month of service if initial service begins on a day other than the first billing day of the Shipper's normal billing cycle.

3. Discounting Rates: The Utility shall have the ability to discount the Maximum Reservation Rate set forth above under RATES if the Shipper can demonstrate that, as a direct result of the availability of the discounted rate, uneconomic bypass will be avoided because Shipper has a more economic alternative.

SPECIAL TERMS AND CONDITIONS:

1. Definitions: The definitions of the principal terms used in this Rate Schedule are contained in Rate Schedule GTC-1 and Rule No. 1.
2. General Terms and Operating Conditions: The Agreement and Rate Schedule GTC-1 set forth the general terms and operating conditions applicable for service under this Rate Schedule.
3. Economic Alternative: Economic Alternatives include alternative fuel conversion, pipeline bypass, and/or relative costs of gas supply at different Point(s) of Receipt on the Utility's System.
4. Service and Rates Subject to Commission Jurisdiction: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

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Stipulation
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Canceling _____

Sheet No. 27.1

Sheet No. 27.1

Schedule No. D-ITG-1

DISTRIBUTION BUSINESS UNIT INTERRUPTIBLE TRANSPORTATION NATURAL GAS SERVICE

APPLICABILITY: Applicable To Shippers for interruptible transportation service on the Utility Distribution System under the terms of an Interruptible Gas Transportation Service Agreement (Agreement) between the Utility Distribution Business Unit (Utility) and Shipper and as subject to Rate Schedule General Terms and Operating Conditions (Rate Schedule GTC-1).

RATES: Net Monthly Bill:

Monthly Service Charge:

Meters Rated @ Cu. Ft. per hour	Per Meter Charge
2,000 to 5,000	\$ 91.00
5,001 to 10,000	\$ 104.00
10,001 to 30,000	\$ 143.00
> 30,000	\$ 166.00

PLUS:

Distribution Charge: (Monthly Rate per Dkt):	<u>Maximum</u>	<u>Minimum</u>
Distribution Commodity Rate	\$ 0.189	\$ 0.016

MINIMUM BILL: Per respective contracts.

PAYMENT: Billed amounts shall be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate Schedule No. SGS-1.

APPLICATION OF RATES:

Monthly Bill Components: Each month, Shipper's bill shall include a Monthly Service Charge and an Interruptible Distribution Commodity Charge for the actual quantities of natural gas delivered for Shipper.

1. **Monthly Service Charge:** The Monthly Service Charge shall be the product of the number of delivery meters at Shipper's facility times the applicable Meter Charge(s) set forth above under **RATES**. If Shipper receives service under more than one rate schedule through a single meter, only one service charge per meter per month shall apply.

(continued)

ISSUED BY: Patrick R. Corcoran

TITLE: Executive Director

TARIFF LETTER NO.: _____

EFFECTIVE: For Service on and after

APPROVED: _____

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

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Stipulation
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Canceling _____

Sheet No. 27.2

Sheet No. 27.2

Schedule No. D-ITG-1

DISTRIBUTION BUSINESS UNIT
INTERRUPTIBLE TRANSPORTATION NATURAL GAS SERVICE
(continued)

APPLICATION OF RATES: (continued)

Monthly Bill Components: (continued)

2. Commodity Charge: The Monthly Commodity Charge shall be the produce of the actual monthly quantities of gas delivered to Shipper at Shipper's Point(s) of Delivery times the Maximum Distribution Commodity Rate set forth above under RATES, unless otherwise negotiated between the Utility and Shipper.
3. Discounting Rates: The Utility shall have the ability to discount the Maximum Commodity Rate set forth above under RATES if:
 - A. The Shipper can demonstrate that, as a direct result of the availability of the discounted rate:
 - (1) Uneconomic bypass will be avoided because Shipper has a more economic alternative; or
 - (2) Expanded usage of the system will result through an increase in existing load, or the addition of new load; and
 - B. There is unutilized capacity on the particular facilities necessary to provide the service to Shipper.

SPECIAL TERMS AND CONDITIONS:

1. Definitions: The definitions of the principal terms used in this Rate Schedule are contained in Rate Schedule GTC-1 and Rule No. 1.
2. General Terms and Operating Conditions: The Agreement and Rate Schedule GTC-1 set forth the general terms and operating conditions applicable for service under this Rate Schedule.

(continued)

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

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Sheet No. 27.3

Sheet No. 27.3

Schedule No. D-ITG-1.

DISTRIBUTION BUSINESS UNIT
INTERRUPTIBLE TRANSPORTATION NATURAL GAS SERVICE
(concluded)

SPECIAL TERMS AND CONDITIONS: (continued)

3. Compressed Natural Gas: Where service of natural gas is to a facility that has as a legitimate business purpose the dispensing of Compressed Natural Gas (CNG) for use as an alternative motor vehicle fuel, and that service is separately metered, each month, the Customer's bill shall include:
 - A. A Monthly Service Charge per Meter which shall be the applicable Meter Charge as set forth on Rate Schedule No. D-CG-1; and
 - B. An Interruptible Commodity Charge which shall be the product of the actual monthly quantities of gas delivered to the facility times the Maximum Commodity Rate set forth above under RATES, unless otherwise negotiated between the Utility and Customer.
4. Economic Alternative: Economic Alternatives include alternative fuel conversion, pipeline bypass, and/or relative costs of gas supply at different Point(s) of Receipt on the Utility's System.
5. Service and Rates Subject to Commission Jurisdiction: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

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Sheet No. 30.1

Sheet No. 30.1

Schedule No. T-FUGC-1

TRANSPORTATION BUSINESS UNIT FIRM UTILITY GAS CONTRACT SERVICE

APPLICABILITY: Applicable to natural gas utilities receiving service as of November 1, 1991 for Firm Utility Gas Contract Sales Service provided under terms and conditions of contracts with the Utility Transportation Business Unit (Utility) as approved by the Montana Public Service Commission.

RATES: Net Monthly Bill:

Monthly Service Charge:

Meters Rated @ Cu. Ft. per hour	Per Meter Charge
10,000 to 30,000	\$ 95.00
> 30,000	\$ 245.00

PLUS:

Transmission Charges:

Maximum Monthly Reservation Rate for Maximum Daily Delivery Quantity (MDDQ)	\$ 4.627/MDDQ
Transmission Commodity Rate	\$ 0.055/Dkt
GTAC Amortization	\$ (0.023)/Dkt

PLUS:

Storage Charges:

Maximum Monthly Reservation Rate for Maximum Storage MDDQ	\$ 4.335/MDDQ
Storage Commodity Rate	\$ 0.016/Dkt

PLUS:

Gas Supply Charges:

Gas Supply Charge	\$ 1.978/Dkt
Deferred Gas Cost Amortization	\$ 0.042/Dkt

PLUS:

OTHER APPLICABLE CHARGES: All charges contained on other applicable rate schedules approved by the Public Service Commission of Montana.

(continued)

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

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Sheet No. 30.2

Sheet No. _____

Schedule No. T-FUGC-1

TRANSPORTATION BUSINESS UNIT
FIRM UTILITY GAS CONTRACT SERVICE
(continued)

RATES: (continued)

GAS TRANSPORTATION ADJUSTMENT CLAUSE: Pursuant to MPSC Order No. 6212, the above GTAC Amortization shall be in effect until the balance is extinguished.

MINIMUM BILL: Per respective contracts.

PAYMENT: Billed amounts shall be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate Schedule No. SGS-1.

APPLICATION OF RATES:

Monthly Bill Components: Each month, Customer's bill shall include a Monthly Service Charge, a Transmission Reservation Charge, Firm Transmission Commodity Charge(s), a Storage Reservation Charge, a Storage Commodity Charge, Gas Supply Charge(s), and any Other Applicable Charges for the actual quantities of natural gas delivered for Customer.

1. Monthly Service Charge: The Monthly Service Charge shall be the product of the number of delivery meters at Customer's facility times the applicable Meter Charge set forth above under RATES.
2. Monthly Reservation Charges:
 - A. The Monthly Transmission Reservation Charge shall be the product of Customer's transmission MDDQ times the Maximum Transmission MDDQ Rate set forth above under RATES, unless otherwise negotiated between the Utility and the Customer.
 - B. The Monthly Storage Reservation Charge shall be the product of Customer's storage MDDQ times the Maximum Storage MDDQ Rate set forth above under RATES, unless otherwise negotiated between the Utility and the Customer.
3. Commodity Charges: The Monthly Charges for Transmission Commodity, Storage Commodity, Gas Supply and any amortizations associated with the Deferred Gas Cost Account and/or the GTAC mechanism shall be the product of the actual monthly quantities of gas delivered to Customer at Customer's meter times the applicable rates set forth above under RATES.

(continued)

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: _____

Public Service Commission of Montana



GAS TARIFF

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Sheet No. _____

Schedule No. T-FUGC-1

TRANSPORTATION BUSINESS UNIT
FIRM UTILITY GAS CONTRACT SERVICE
(concluded)

APPLICATION OF RATES: (continued)

4. Discounting Rates: The Utility shall have the ability to discount the Maximum Reservation Rates for Transmission and/or Storage service set forth above under RATES if:
- A. The Customer can demonstrate that, as a direct result of the availability of the discounted rate(s), uneconomic bypass will be avoided because Customer has a more economic alternative; and
 - B. There is unutilized capacity on the particular facilities necessary to provide the service(s) to the Customer

SPECIAL TERMS AND CONDITIONS:

1. Definitions: The definitions of the principal terms used in this Rate Schedule are contained in Rate Schedule GTC-1 and Rule No. 1.
2. Economic Alternative: Economic Alternatives include alternative fuel conversion and/or pipeline bypass.
3. Service and Rates Subject to Commission Jurisdiction: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

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Sheet No. 40.1

Sheet No. _____

Schedule No. USBC-1

Universal System Benefits Charge

APPLICABILITY: Applicable to all end-use On-System Sales and Transportation Customers, (defined below under RATES, for service provided by the Utility.

PURPOSE: The purpose of this Rate Schedule is to recover the costs associated with public purpose programs for cost-effective local energy conservation, low-income weatherization and low-income bill assistance.

RATES:

Core Customer

(Rate/Dkt/Month)

\$0.050

Non-Core Customer:

Post September 1, 1993 Existing Customer

\$0.050

All Other

\$0.026

Core Customer: The Core Customer rate set forth above shall apply to all end-use, core sales customer volumes; and volumes of all core sales customers who elect to convert to transportation service after December 31, 1996.

Non-Core Customer:

1. The Post September 1, 1993, Non-Core Customer rate set forth above shall apply to the volumes of all previously classified core sales customers served by the Utility who converted to non-core transportation service after September 1, 1993, but prior to December 31, 1996;
2. The All Other Non-Core Customer rate set forth above shall apply:
 - a. To all end-use, non-core transportation customers who converted to transportation prior to September 1, 1993; and
 - b. To all end-use, non-core transportation customers who were not previously served by the Utility prior to November 1, 1991.

APPLICATION OF RATES:

Monthly Billing: Each month, the USBC Charge shall be the product of the actual monthly quantities of gas delivered at Customer's meter times the applicable rate set forth above under RATES.

SPECIAL TERMS AND CONDITIONS:

1. **Definitions:** The definitions of the principal terms used in this Rate Schedule are contained in Rule No. 1.
2. **Service and Rates Subject to Commission Jurisdiction:** All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

ISSUED BY: Patrick R. Corcoran

TITLE: Executive Director

TARIFF LETTER NO.: _____

EFFECTIVE: For Service on and after _____

APPROVED: _____

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

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Sheet No. 80.1

Sheet No. 80.1

Schedule No. T-FTG-1

TRANSPORTATION BUSINESS UNIT FIRM TRANSPORTATION NATURAL GAS SERVICE

APPLICABILITY: Applicable to Shippers for firm transportation service on the Utility Transmission System under the terms of a Firm Gas Transportation Service Agreement (Agreement) between the Utility Transportation Business Unit (Utility) and Shipper and as subject to Rate Schedule General Terms and Operating Conditions (Rate Schedule GTC-1).

RATES: Net Monthly Bill:

Monthly Service Charge:

Meters Rated @ Cu. Ft. per hour	Per Meter Charge
5,001 to 10,000	\$ 89.00
10,001 to 30,000	\$ 128.00
> 30,000	\$ 284.00

PLUS:

Transmission Charges:

Transmission Reservation Rate (Monthly Rate per MDDQ):

Maximum Monthly Reservation Rate for
Maximum Daily Delivery Quantity (MDDQ) \$ 7.278

Transmission Commodity Rates (Monthly Rate per Dkt):

Maximum \$ 0.055
Minimum \$ 0.016
GTAC Amortization \$ (0.017)
Balancing Penalty Rate \$ 25.00

PLUS:

OTHER APPLICABLE CHARGES: All charges contained on other applicable rate schedules approved by the Public Service Commission of Montana.

GAS TRANSPORTATION ADJUSTMENT CLAUSE: Pursuant to MPSC Order No. 6212, the above GTAC Amortization shall be in effect until the balance is extinguished.

MINIMUM BILL: Per respective contracts.

(continued)

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

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Sheet No. 80.2

Sheet No. 80.2

Schedule No. T-FTG-1

TRANSPORTATION BUSINESS UNIT
FIRM TRANSPORTATION NATURAL GAS SERVICE
(continued)

PAYMENT: Billed amounts shall be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate Schedule No. SGS-1.

APPLICATION OF RATES:

Monthly Bill Components: Each month, Shipper's bill shall include a Monthly Service Charge; a Monthly Reservation Charge; and Firm Transmission Commodity Charges and any Other Applicable Charges for the actual quantities of natural gas delivered for Shipper. Additionally, Shipper shall pay any Balancing Penalty Charges, if applicable.

1. **Monthly Service Charge:** The Monthly Service Charge shall be the product of the number of delivery meters at Shipper's facility times the applicable Meter Charge(s) set forth above under RATES. If Shipper receives service under more than one rate schedule through a single meter, only one Service Charge per meter per month shall apply.
2. **Monthly Reservation Charge:**
 - A. The Monthly Reservation Charge shall be the product of the Shipper's transmission MDDQ times the Maximum MDDQ Rate set forth above under RATES, unless otherwise negotiated between the Utility and Shipper.
 - B. The Reservation Charge shall be prorated in the first month of service if initial service begins on a day other than the first billing day of the Shipper's normal billing cycle.
3. **Commodity Charges:**
 - A. The Monthly Transmission Commodity Charge shall be the product of the actual monthly quantities of gas delivered for Shipper at Shipper's Point(s) of Delivery times the Maximum Transmission Commodity Rate set forth above under RATES, unless otherwise negotiated between the Utility and the Shipper.
 - B. The GTAC Amortization Charge shall be the product of the actual monthly quantities of gas delivered to Shipper at Shipper's Point(s) of Delivery times the GTAC Amortization Rate set forth above under RATES.
4. **Transportation in Excess of Contract MDDQ:** Utility shall receive, transport and deliver gas in excess of Shipper's transmission MDDQ in accordance with Sections 17.2 and 18.3 of Rate Schedule GTC-1.

(continued)

ISSUED BY: Patrick R. Corcoran

TITLE: Executive Director

TARIFF LETTER NO.: _____

EFFECTIVE: For Service on and after

APPROVED: _____

Public Service Commission of Montana



GAS TARIFF

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Sheet No. 80.3

Sheet No. 80.3

Schedule No. T-FTG-1

TRANSPORTATION BUSINESS UNIT
FIRM TRANSPORTATION NATURAL GAS SERVICE
(continued)

APPLICATION OF RATES: (continued)

Monthly Bill Components: (continued)

5. Balancing Charges: Any imbalance calculated pursuant to Rate Schedule GTC-1 and the Agreement which requires a balancing penalty charge, will be billed at the applicable rate(s) set forth above under RATES.
6. Cashout Volumes: Cashout Volumes, as defined in Rate Schedule GTC-1, shall be subject to the conditions as set forth in that Rate Schedule.
7. Discounting Rates: The Utility shall have the ability to discount the Maximum Reservation Rate and/or the Maximum Transmission Commodity Rate set forth above under RATES if:
 - A. The Shipper can demonstrate that, as a direct result of the availability of the discounted rate, uneconomic bypass will be avoided because Shipper has a more economic alternative; and
 - B. There is unutilized capacity on the particular facilities necessary to provide the service to Shipper.

ADJUSTMENT OF RATES OR CHARGES:

Reservation Rate Adjustment: If the Utility, on any day, is unable to receive from or deliver for Shipper, except under circumstances that fall within the provisions of force majeure as set forth in Rate Schedule GTC-1, the natural gas tendered or required by Shipper for transportation delivery under the Agreement, the Reservation Charge for the month in which such day(s) occurs will be reduced by an amount equal to the volume of gas that the Utility failed to receive or deliver on such day, up to Shipper's MDDQ, multiplied by a unit amount per MMBTU, rounded to the nearest tenth of a cent, obtained by dividing the applicable MDDQ Reservation Rate (as set forth above under RATES) by the number of days in such month. The Utility shall not be required to adjust the Reservation Charge if failure to deliver gas for Shipper is due to Shipper's failure to perform in accordance with the Agreement, including balancing requirements caused by Shipper, and quality problems at Point(s) of Receipt.

(continued)

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

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Sheet No. 80.4

Sheet No. 80.4

Schedule No. T-FTG-1

TRANSPORTATION BUSINESS UNIT
FIRM TRANSPORTATION NATURAL GAS SERVICE
(concluded)

FUEL REIMBURSEMENT:

The Utility shall retain a portion of all gas tendered at the Point(s) of Receipt ("Fuel Reimbursement") that is redelivered by the Utility to the Shipper's Point(s) of Delivery. The Fuel Reimbursement shall be calculated by multiplying the Point(s) of Delivery quantity by a Fuel Reimbursement Percentage of 2.46 percent.

The percentage rate for computing Fuel Reimbursement is subject to change by the Utility from time-to-time to reflect actual transportation fuel and unaccounted for gas, provided the necessary approval is obtained from the MPSC or any successor agency.

SPECIAL TERMS AND CONDITIONS:

1. Definitions: The definitions of the principal terms used in this Rate Schedule are contained in Rate Schedule GTC-1 and Rule No. 1.
2. General Terms and Operating Conditions: The Agreement and Rate Schedule GTC-1 set forth the general terms and operating conditions applicable for service under this Rate Schedule.
3. Economic Alternative: Economic Alternatives include alternative fuel conversion, pipeline bypass, and/or relative costs of gas supply at different Point(s) of Receipt on the Utility's System.
4. Service and Rates Subject to Commission Jurisdiction: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

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Sheet No. 85.1

Sheet No. 85.1

Schedule No. T-ITG-1

TRANSPORTATION BUSINESS UNIT INTERRUPTIBLE TRANSPORTATION NATURAL GAS SERVICE

APPLICABILITY: Applicable to Shippers for interruptible transportation service on the Utility Transmission System under the terms of an Interruptible Gas Transportation Service Agreement (Agreement) between the Utility Transportation Business Unit (Utility) and Shipper and as subject to Rate Schedule General Terms and Operating Conditions (Rate Schedule GTC-1).

RATES: Net Monthly Bill:

Monthly Service Charge:

Meters Rated @ Cu. Ft. per hour	Per Meter Charge
5,001 to 10,000	\$ 89.00
10,001 to 30,000	\$ 128.00
> 30,000	\$ 284.00

PLUS:

Transmission Charges: (Monthly Rate per Dkt):	Maximum	Minimum
Transmission Commodity Rate	\$ 0.294	\$ 0.016
Balancing Penalty Rate	\$ 25.00	\$ 25.00
Unauthorized System Use Rate	\$ 25.00	\$ 25.00

PLUS:

OTHER APPLICABLE CHARGES: All charges contained on other applicable rate schedules approved by the Public Service Commission of Montana.

MINIMUM BILL: Per respective contracts.

PAYMENT: Billed amounts shall be considered past due if not paid by the due date shown on the bill. Past due bills are subject to a late payment charge in accordance with the provisions of Rate Schedule No. SGS-1.

(continued)

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

GAS TARIFF

Public Service Commission of Montana



The Montana Power Company

Canceling _____

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Sheet No. 85.2

Sheet No. 85.2

Schedule No. T-ITG-1

TRANSPORTATION BUSINESS UNIT
INTERRUPTIBLE TRANSPORTATION NATURAL GAS SERVICE

(continued)

APPLICATION OF RATES:

Monthly Bill Components: Each month, Shipper's bill shall include a Monthly Service Charge and an Interruptible Commodity Charge for the actual quantities of natural gas delivered for Shipper. Additionally, Shipper shall pay Balancing Penalty and Unauthorized System Use Charges, if applicable.

1. Monthly Service Charge: The Monthly Service Charge shall be the product of the number of delivery meters at Shipper's facility times the applicable Meter Charge(s) set forth above under RATES. If Shipper receives service under more than one rate schedule through a single meter, only one service charge per meter per month shall apply.
2. Commodity Charge: The Monthly Commodity Charge shall be the produce of the actual monthly quantities of gas delivered to Shipper at Shipper's Point(s) of Delivery times the Maximum Transmission Commodity Rate set forth above under RATES, unless otherwise negotiated between the Utility and Shipper.
3. Balancing Charge: Any imbalance calculated pursuant to Rate Schedule GTC-1 and the Agreement which requires a balancing penalty charge, will be billed at the applicable rate(s) set forth above under RATES.
4. Cashout Volumes: Cashout Volumes, as defined in Rate Schedule GTC-1, shall be subject to the conditions as set forth in that Rate Schedule.
5. Unauthorized System Use: Shipper shall be subject to an Unauthorized System Use Charge in accordance with Rate Schedule GTC-1, Section 18.4, and shall be billed at the applicable rate(s) set forth above under RATES.
6. Discounting Rates: The Utility shall have the ability to discount the Maximum Transmission Commodity Rate set forth above under RATES if:
 - A. The Shipper can demonstrate that, as a direct result of the availability of the discounted rate:
 - (1) Uneconomic bypass will be avoided because Shipper has a more economic alternative; or
 - (2) Expanded usage of the system will result through an increase in existing load, or the addition of new load; and
 - B. There is unutilized capacity on the particular facilities necessary to provide the service to Shipper.

(continued)

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

EFFECTIVE: For Service on and after

GAS TARIFF

Public Service Commission of Montana



The Montana Power Company

Canceling _____

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Sheet No. 85.3

Sheet No. 85.3

Schedule No. T-ITG-1

TRANSPORTATION BUSINESS UNIT
INTERRUPTIBLE TRANSPORTATION NATURAL GAS SERVICE
(concluded)

FUEL REIMBURSEMENT:

The Utility shall retain a portion of all gas tendered at the Point(s) of Receipt ("Fuel Reimbursement") that is redelivered by the Utility to the Shipper's Point(s) of Delivery. The Fuel Reimbursement shall be calculated by multiplying the Point(s) of Delivery quantity by a Fuel Reimbursement Percentage of 2.46 percent.

The percentage rate for computing Fuel Reimbursement is subject to change by the Utility from time-to-time to reflect actual transportation fuel and unaccounted for gas, provided the necessary approval is obtained from the MPSC or any successor agency.

SPECIAL TERMS AND CONDITIONS:

1. Definitions: The definitions of the principal terms used in this Rate Schedule are contained in Rate Schedule GTC-1 and Rule No. 1.
2. General Terms and Operating Conditions: The Agreement and Rate Schedule GTC-1 set forth the general terms and operating conditions applicable for service under this Rate Schedule.
3. Economic Alternative: Economic Alternatives include alternative fuel conversion, pipeline bypass, and/or relative costs of gas supply at different Point(s) of Receipt on the Utility's System.
4. Service and Rates Subject to Commission Jurisdiction: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

ISSUED BY: Patrick R. Corcoran

TITLE: Executive Director

TARIFF LETTER NO.: _____

EFFECTIVE: For Service on and after

APPROVED: _____

Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

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Sheet No. 90.1

Sheet No. 90.1

Schedule No. T-FSG-1

TRANSPORTATION BUSINESS UNIT FIRM STORAGE NATURAL GAS SERVICE

APPLICABILITY: Applicable to Shippers for Firm Storage Service under the terms of a Firm Gas Storage Service Agreement (Agreement) between the Utility Transportation Business Unit (Utility) and the Shipper and as subject to Rate Schedule General Terms and Operating Conditions (Rate Schedule GTC-1).

RATES: Net Monthly Bill:

Monthly Rate:

Withdrawal Reservation Rate:	\$ 4.335/MDDQ
Injection Commodity Rate:	\$ 0.022/Dkt
Withdrawal Commodity Rate:	\$ 0.022/Dkt
Storage Capacity Rate:	\$ 0.021/Dkt

APPLICATION OF RATES:

Monthly Bill Components: Each month, Shipper's bill shall include a Withdrawal Reservation Charge and, if applicable, an Injection Commodity Charge for the quantities of natural gas nominated by Shipper and received by Utility for injection into storage, a Withdrawal Commodity Charge for the quantities of natural gas nominated by Shipper and delivered by Utility from storage for Shipper's account and a Storage Capacity Charge.

1. **Withdrawal Reservation Charge:** The Monthly Withdrawal Reservation Charge shall be the product of the Shipper's Storage Maximum Daily Delivery Quantity (MDDQ) as set forth in the Agreement times the applicable rate set forth above under RATES.
2. **Injection Commodity Charge:** The Monthly Injection Commodity Charge shall be the product of the Shipper's nominated quantities of natural gas received by the Utility for injection into storage times the applicable rate set forth above under RATES.
3. **Withdrawal Commodity Charge:** The Monthly Withdrawal Commodity Charge shall be the produce of the Shipper's nominated quantities of natural gas delivered by the Utility from storage times the applicable rate set forth above under RATES.
4. **Storage Capacity Charge:** The Monthly Storage Capacity Charge shall be the product of the Shipper's storage balance at the end of the month times the applicable rate set forth above under RATES.

(continued)

ISSUED BY: Patrick R. Corcoran

TARIFF LETTER NO.: _____

APPROVED: _____

TITLE: Executive Director

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The Montana Power Company

GAS TARIFF

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Sheet No. 90.2
Sheet 90.2

Schedule No. T-FSG-1

TRANSPORTATION BUSINESS UNIT FIRM STORAGE NATURAL GAS SERVICE (continued)

PROPOSED

APPLICATION OF RATES: (continued)

Monthly Bill Components: (continued)

5. Discounting Rates: The Utility shall have the ability to discount the Monthly Withdrawal Reservation Rate set forth above under RATES if the Shipper can demonstrate that, as a direct result of the availability of the discounted rate, uneconomic bypass will be avoided because Shipper has a more economic alternative.

MINIMUM MONTHLY BILL:

The Minimum Monthly Bill shall be the Withdrawal Reservation Charge.

FUEL REIMBURSEMENT:

The Utility shall retain a portion of all gas tendered at the Point(s) of Receipt ("Fuel Reimbursement") which shall be calculated by multiplying the quantity of gas delivered for injection into storage by a Fuel Reimbursement Percentage of 1.14 percent.

The percentage rate for computing Fuel Reimbursement is subject to change by the Utility from time-to-time to reflect actual storage fuel and unaccounted for gas, provided the necessary approval is obtained from the MPSC or any successor agency.

SPECIAL TERMS AND CONDITIONS:

1. Definitions: The definitions of the principal terms used in this Rate Schedule are contained in Rate Schedule GTC-1 and Rule No. 1.
2. General Terms and Operating Conditions: The Agreement and Rate Schedule GTC-1 set forth the general terms and operating conditions applicable for service under this Rate Schedule.
3. Nomination Procedures: Shipper shall nominate the quantities of natural gas for injection into and withdrawal from storage in accordance with the nomination procedures set forth in Section 18.5 of Rate Schedule GTC-1.

(continued)

ISSUED BY: Patrick R. Corcoran

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Schedule No. T-FSG-1

TRANSPORTATION BUSINESS UNIT FIRM STORAGE NATURAL GAS SERVICE (continued)

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Sheet No. 90.3

Sheet No. 90.3

SPECIAL TERMS AND CONDITIONS: (continued)

4. Allocation of Injection Capacity: If nominations for storage injection exceed injection capacity, storage injections shall be scheduled prorata, based on Shipper's Storage MDDQ. For the purpose of scheduling storage injections, injections for the Utility's core customers will be treated on a prorata basis consistent with Shipper storage injections. To the extent possible, Utility and Shipper shall coordinate storage injection plans.
5. Trading Storage Balances: A Shipper may sell gas held in storage to any other Shippers (Trading Shippers), provided said Shippers have a Firm Storage Service Agreement with the Utility and sufficient available storage capacity. The Shippers agreeing to transfer storage volumes must all provide the Utility with corresponding written notice that: states the applicable volumes being traded; and identifies the counterparty Shipper(s) and effective date of the trade. Such written notice shall be deemed to be Shippers' directive to the Utility to make the storage volume adjustments to Trading Shippers' accounts. All contractual arrangements, exchange of considerations, documentation, and storage pricing will be the responsibility of the Trading Shippers.
6. Accounting Procedure: Shipper shall pay the applicable transportation rate schedule charges on all volumes delivered for injection into storage when the gas is withdrawn from storage and delivered to Shipper's Point(s) of Delivery.
7. Off-Season Storage Service: Shippers with active firm storage contracts shall have the option to use Off-Season Storage (OSS) Service.
 - A. Determination of Availability: OSS Service will allow Shippers to use a prorata share of storage cushion gas and associated storage deliverability in March and April of each year. Each year, the Utility shall determined the quantities of storage cushion gas and deliverability available for use under OSS Service.
 - B. Prorata Share Determination: Shipper's contracted storage MDDQ on March 1, divided by the total Storage MDDQ of all Shippers requesting OSS Service, shall determine the Shipper's prorata share of storage cushion gas and associated deliverability. All storage cushion gas withdrawn under OSS Service must be replaced by November 1 of the same year. The Utility's Distribution Services Department (DBU), which serves the Utility's Core market, shall also have the option to use OSS Service. The DBU's storage MDDQ, as approved by the Commission, shall be used to determine their prorata share.

(continued)

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Sheet No. 90.4

Sheet No. _____

Schedule No. T-FSG-1

TRANSPORTATION BUSINESS UNIT
FIRM STORAGE NATURAL GAS SERVICE
(concluded)

SPECIAL TERMS AND CONDITIONS: (continued)

7. Off-Season Storage Service: (continued)

C. Applicable Rates: Shipper's shall pay the Injection and Withdrawal commodity rates set for the above under RATES. The Fuel Reimbursement Percentage set forth above shall apply to the replacement of this cushion gas.

D. Securitization: Shippers must post a bond, letter of credit or cash deposit, for the benefit of the Utility, equal to \$2.50/Dkt multiplied by the amount of cushion gas allocated to Shipper's account. The \$2.50/Dkt may be revised by the Utility, based on changing market conditions. When the cushion gas is replaced, the securitization shall be terminated.

8. Service and Rates Subject to Commission Jurisdiction: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

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Sheet No. R-6.1
Sheet No. R-6.1

Rule No. 6

LINE EXTENSIONS

- 6-1 Free Extension – upon application for natural gas service for Core service, the utility shall make a natural gas line extension of the distribution main pipeline free of charge to the applicant (except that the applicant shall furnish all necessary right-of-ways) to the extent that the cost of such line extension does not exceed the following costs by meter class:

Meter Rating (Standard cu. ft. per hour):	
0 to 300	\$639
301 to 1,000	\$1,256
1,001 to 2,000	\$1,806
2,001 to 5,000	\$4,555
5,001 to 10,000	\$7,908
10,001 to 30,000	\$19,843
> 30,000	\$32,717

Applicant will also receive a meter free of charge, but will be responsible for the cost of the service pipeline connecting applicant's meter to the distribution main.

The free extension allowance for Non-Core Transportation Customers will be determined on an individual basis.

6-2 Extension Beyond Free Limit (See Rule No. 6-7)

- A. Where a line extension cost exceeds the free limit specified above in Rule No. 6-1, the Utility may require the applicant(s) to be served therefrom to advance such excess cost and to share such advance equitably. Whenever additional requests for service from this extension are received within 60 months from the date the extension is completed, the Utility will:

1. Collect from the new line tap an advance or contribution representing an amount equal to the average advance for all line taps on the main line extension, including the new line tap.
2. Refund to previously connected line taps of the existing line, their successors or assignees, or the current owner(s) of the property such an amount as is required to reduce the average cost of the line tap to the average advance with all connected line taps sharing equally in the cost of the original protected line.

The Customer(s) of each line tap, as a group, will share any required advance for their line tap extension, equitably, in addition to the cost of their individual line extension. Additional advances and refunds associated with such line taps will be treated as specified in Section A above.

(continued)

ISSUED BY: Patrick R. Corcoran

TITLE: Executive Director

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Public Service Commission of Montana



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Sheet No. R-6.2
Sheet No. R-6.2

Rule No. 6

LINE EXTENSIONS (continued)

6-2 Extension Beyond Free Limit (continued)

- B. No refunds will be made or credits allowed until the new applicants have become active gas Customers of the Utility.
- C. At the end of the 60-month period referred to above, no further refund shall be made to the original line taps.

6-3 Extensions to Real Estate Subdivisions or Housing Projects - Where a line extension is requested for a subdivision or housing project, the Utility may require the principal thereof to advance the entire cost of construction, and will subsequently refund this amount at the applicable rate specified in Rule No. 6-1, less the additional costs required to serve the Customer at this new location, within 60 months from the date the basic extension is completed.

6-4 Field and Transmission Line Tap Extensions - When line extensions, either within or beyond the free extension limits, are made from gathering or transmission lines or as direct taps to wells in producing fields, the Utility makes no guarantee of service continuity where operating, problems require the temporary shutting off or abandonment of facilities.

6-5 Preliminary Agreement - The Utility may require the applicant(s) requesting a line extension to enter into a Preliminary Agreement to connect to the Utility's natural gas system. Applicant shall make a contribution, as established by the Utility for the project, toward installation of the natural gas service line.

A. If Customer connects to the service, this contribution shall be:

1. Refunded to Customer, if Customer's line extension cost does not exceed the Free Extension allowed in accordance with Rule No. 6-1; or
2. Applied to any balance exceeding Customer's Free Extension allowance calculated in accordance with Rule No. 6-1.

B. If Customer does not connect to the service, this contribution shall revert to the Utility.

(continued)

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Sheet No. R-6.3
Sheet No. R-6.3

Rule No. 6

LINE EXTENSIONS (concluded)

- 6-6 Utility Installation Option - The maximum free line extension cost allowance to which a Customer is entitled, without cost, shall be in accordance with Rule No. 6-1. However, nothing contained herein shall prohibit the Utility from installing additional facilities in excess of those used to calculate the cost of an extension, if, in the opinion of the Utility, such facilities are reasonably justified by anticipated additional future load to be served, or where such additional facilities will be used for general system improvement or reasonable orderly development.
- 6-7 Income Tax on Advances or Contributions - Whenever, under the provisions of this rule, an advance or contribution is required, or a refund is made on any such advance or contribution, such advance, contribution or refund shall be increased by a factor of 33 percent. This increase is to offset the effect of income taxes imposed by the Tax Reform Act of 1986. This income tax surcharge is not applicable where such contributions or advances are the result of highway relocations.

ISSUED BY: Patrick R. Corcoran

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TITLE: Executive Director

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Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

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Sheet No. 2.1
Sheet No. 2.1

PRELIMINARY STATEMENT PART A

GAS TRANSPORTATION ADJUSTMENT CLAUSE (GTAC)

APPLICABILITY: Applicable to sales to core and firm transportation customers under rate schedules subject to the jurisdiction of the Public Service Commission of Montana (Commission).

PURPOSE: The purpose of the Gas Transportation Adjustment Clause (GTAC) is to provide a mechanism by which the Utility can accurately reflect, in a timely manner, the effects of: Section 311 interruptible gas transportation and interruptible storage sales; on-system interruptible gas transportation sales; interruptible (and related firm, if applicable) transportation sales resulting from capital investments, recorded pursuant to the accounting treatment approved in Order No. 5667a; gas processing services; or on-system discounted firm transportation and firm storage services provided by the Utility.

RATES: The applicable rate schedules for core, on-system firm transportation and storage services that are subject to the jurisdiction of the Commission shall be adjusted in accordance with the following:

- A. **Base Rates** – The base rates are those jurisdictional base rates that are in effect at the time of the Adjustment Rates Computation of this Adjustment Clause.
- B. **Adjustment Rates** – The Adjustment Rates for Section 311 interruptible gas transportation and interruptible storage sales; on-system interruptible gas transportation sales; interruptible (and related firm, if applicable) transportation sales resulting from capital investments, recorded pursuant to the accounting treatment approved in Order No. 5667a; gas processing services; and on-system discounted firm transportation and firm storage services shall be included in the applicable classes' base rates and reflected as \$x.xxx per Dkt.
- C. **Adjustment Rates Computation:**
 1. **Interruptible Gas Transportation:** The monthly revenue differences between estimated and actual revenues shall be accumulated on an annual basis, as prescribed below under Accounting, and allocated to the applicable rate components of the Utility's core and firm transportation customers.
 2. **Discounted Firm Transportation:** The monthly revenue differences between actual revenues computed at maximum firm transportation rates and the revenues at discounted rates shall be accumulated on an annual basis, as prescribed below under Accounting, and allocated to the applicable rate components of the Utility's core and firm transportation customers.

(continued)

ISSUED BY: Patrick R. Corcoran

TITLE: Executive Director

TARIFF LETTER NO.: _____

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Public Service Commission of Montana



The Montana Power Company

GAS TARIFF

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Exhibit "B"
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Sheet No. 2.2
Set No. 2.2

PRELIMINARY STATEMENT PART A

GAS TRANSPORTATION ADJUSTMENT CLAUSE (GTAC) (continued)

RATES: (continued)

C. Adjustment Rates Computation: (continued)

3. Interruptible and Discounted Firm Storage: The monthly revenue differences between estimated and actual Section 311 interruptible storage sales, and the monthly revenue differences between actual revenues computed at maximum firm storage rates and the revenues at discounted rates shall be accumulated on an annual basis, as prescribed below under accounting, and allocated to the applicable rate components of the utility's core and storage customers.

The accumulated revenue differences shall be amortized over the succeeding period that the Adjustment Rates shall be in effect (normally 12 months).

1. For on-system discounted firm transportation service and for all interruptible gas transportation service at transmission level, the Adjustment Rates shall be computed by allocating the applicable net balances to the various classes based on the classes' proportionate share of system MDDQ and dividing such allocated balances by the applicable billing determinants for the 12-month rate effective period.
2. For all distribution-related transportation services, the Adjustment Rates shall be computed by allocating the applicable net balance to the appropriate classes based on the classes' proportionate share of system MDDQ and dividing such allocated balances by the applicable billing determinants for the 12-month rate effective period.
3. For interruptible storage service and discounted firm storage service, the adjustment rates shall be computed by allocating the applicable net balances to the various classes based on the classes' proportionate share of storage MDDQ and dividing such allocated balances by the applicable billing determinants for the 12-month rate effective periods.

Rates developed under this Adjustment Clause shall be further adjusted as necessary to reflect any difference in what was proposed to be reflected in rates for the Record Period versus what was actually recovered in rates in the Record Period and any appropriate tax adjustment (MPSC Tax, etc.). The Adjustment Rates applicable to each rate schedule shall be set forth on that rate schedule.

(continued)

ISSUED BY: Patrick R. Corcoran

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TITLE: Executive Director

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The Montana Power Company

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Sheet No. 23
Sheet No. 23

PROPOSED

PRELIMINARY STATEMENT PART A

GAS TRANSPORTATION ADJUSTMENT CLAUSE (GTAC) (continued)

RATES: (continued)

- D. Adjustment Rates Effective Date – The Adjustment Rates shall be effective for service on and after November 1 of each year or as soon thereafter as the Commission may authorize. The rate shall remain effective until subsequent Adjustment Rates become effective in accordance herewith.

ACCOUNTING: Accounting entries shall be made on a monthly basis as follows:

- A. 1. Account No. 186.815 – Deferred Revenue: For the difference between estimated and actual Section 311 interruptible gas transportation sales; on-system interruptible gas transportation sales; and interruptible (and related firm, if applicable) transportation sales resulting from capital investments, recorded pursuant to the accounting treatment approved in Order No. 5667a, during the actual period to such Customers served by the Utility.
2. Account No. 2489.270 – In conjunction with Account 186.815 (A.1), contra entries will be made so that the balance in this account will be amortized accordingly.
- B. 1. Account No. 186.813 – Deferred Revenue: For gas processing service during the actual period provided by the Utility.
2. Account No. 2489.160 – In conjunction with Account 186.813 (B.1), contra entries will be made so that the balance in this account will be amortized accordingly.
- C. 1. Account No. 186.816 – Deferred Revenue: For the difference between on-system firm transportation sales at maximum and discounted rates during the actual period to such Customers served by the Utility.
2. Account No. 2489.165 – In conjunction with Account 186.816 (C.1), contra entries will be made so that the balance in this account will be amortized accordingly.

(continued)

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TITLE: Executive Director

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Public Service Commission of Montana



The Montana Power Company

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Sheet No. _____

PRELIMINARY STATEMENT PART A

GAS TRANSPORTATION ADJUSTMENT CLAUSE (GTAC) (concluded)

ACCOUNTING: (continued)

- D. 1. Account No. 186.817 – Deferred Revenue: For the difference between estimated and actual Section 311 interruptible storage sales, and firm storage sales at maximum and discounted rates during the actual period to such Customers served by the utility.
- 2 Account No. 2489.170 – In conjunction with Account 186.817 (D.1), contra entries will be made so that the balance in this account will be amortized accordingly.

REPORTING AND FILING:

- A. Monthly Reporting – On a monthly basis, the Utility shall provide the Commission with a report of the Section 311 interruptible gas transportation and interruptible storage sales; on-system interruptible gas transportation sales; interruptible (and related firm, if applicable) transportation sales resulting from capital investments, recorded pursuant to the accounting treatment approved in Order No. 5667a; gas processing revenue accounting transactions; and on-system discounted firm gas transportation and firm storage services and the resulting balances.
- B. The Section 311 interruptible gas transportation and interruptible storage sales; on-system interruptible gas transportation sales; interruptible (and related firm, if applicable) transportation sales resulting from capital investments, recorded pursuant to the accounting treatment approved in order no. 5667a; gas processing services; and on-system discounted firm gas transportation and firm storage service revenues to be used hereunder for the record period are the actual data reported and available for the 12-month period November 1 to October 31 each year.
- C. Annual Filing – On an annual basis, the Utility shall submit to the Commission, a filing reflecting the Section 311 interruptible gas transportation and interruptible storage sales; on-system interruptible gas transportation sales; interruptible (and related firm, if applicable) transportation sales resulting from capital investments, recorded pursuant to the accounting treatment approved in Order No. 5667a; gas processing services; and on-system discounted firm gas transportation and firm storage sales activities of the Record Period, and the necessary calculations and rates in support of the upcoming period's rate adjustments.

ISSUED BY: Patrick R. Corcoran

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TITLE: Executive Director

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Exhibit "C" – LIEAP Discount Value

Exhibit "C" consists of two pages. Page 2 is the worksheet that develops the value of the LIEAP Discount and page 1 is a narrative describing the worksheet.

The Montana Power Company
Natural Gas Utility

Derivation of Low Income Discount Value

The Value of the LIEAP Discount was calculated by applying the LIEAP rate discount percent to the total LIEAP revenue recovered when the proposed service charge; proposed total transmission, distribution and storage design commodity rates; and current gas cost (as reflected in the Company's most recent gas tracker Docket No. D99.11.247 and explained in the Stipulation Narrative for Derivation of Rates) are applied to the LIEAP billing determinants reflected in the Docket. As shown on the worksheet, the LIEAP Discount Value at 10% is \$299,201, and at 15% is \$448,801, for a difference of \$149,600.

Based on the USBC revenue recovery reflected on Statement H and shown on the attached worksheet, the uniform percent increase necessary to recover the additional LIEAP Discount Value is 12.5%. This results in an increase in the current USBC unit rate from \$0.044 to \$0.050 for Core DBU customers and all previously classified core sales customers served by the Utility who converted to non-core transportation service after 9/1/93 but prior to 12/31/96; and an increase from \$0.023 to \$0.026 for all Other non-core transportation customers.

In order to retain the full value of the LIEAP discount for LIEAP customers who elect to move to choice, the 15% discount (for bundled service) equates to a 23% discount for a choice LIEAP customer. This calculation can be found on worksheet Exhibit "C", page 2 of 2.

The Montana Power Company
Natural Gas UtilityValue of LIEAP Discount
Docket No. D99.8.176

	Annual Billing Determinants	Unit Rates	Non-Gas Cost Revenue Requirement	Non-Gas Cost Revenue Requirement	LIEAP Val. Diff
LIEAP @ Full Residential Design Rate					
LIEAP Cust. #	5,677	\$6.00	\$408,744	\$408,744	
Dkt	526,123				
Non GC Dsgn Rate		\$2.932	\$1,542,593	\$1,542,593	
Gas Cost		\$1.978	\$1,040,671	\$1,040,671	
Revenue @ Full Rate			\$2,992,008	\$2,992,008	
LIEAP Discount Value @ 10%			\$ 299,201		
LIEAP Discount Value @ 15%				\$ 448,801	
Increase in LIEAP Disc. Value					\$ 149,600
LIEAP Non GC Revenue @ Total Rate			\$1,951,337	\$1,951,337	
LIEAP Discount Value @ 10%			\$299,201		
LIEAP Discount Value @ 15%				\$ 448,801	
Net Non GC Revenue			\$1,652,136	\$1,502,536	
LIEAP Discount for Choice Customers @ 10% of Bundled Rate			15%		
LIEAP Discount for Choice Customers @ 15% of Bundled Rate				23%	
Revenue Proof:					
LIEAP Cust. #	5,677	\$6.00	\$408,744	\$408,744	
Dkt	526,123	\$2.932	\$1,542,593	1,542,592.6	
TOTAL			\$1,951,337	\$1,951,337	
LIEAP Discount @ 15%			\$ 292,701		
LIEAP Discount @ 23%				\$448,808	
Net Revenue			\$1,658,636	\$1,502,529	
Rounding			\$6,500	(\$7)	
Derivation of Increased USBC Unit Rates					
	LIEAP Val. Diff		USBC \$ Statement H	Unifrom % Increase	
	\$ 149,600		\$ 1,199,249	12.5%	
			Current USBC Rates	USBC Rates @New Disc.	
Core & Post 9/1/93 Existing Customers			\$ 0.044	\$ 0.050	
All Other			\$ 0.023	\$ 0.026	